

# DRAFT

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## Abbreviations

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AICPA	American Institute of Certified Public Accountants
CFO Act	Chief Financial Officers Act of 1990
COTS	Commercial off the Shelf Software
CSRS	Civil Service Retirement System
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FERS	Federal Employees Retirement System
FIFO	First-in, First-out
FY	fiscal year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GPRA	Government Performance and Results Act of 1993
HI	Hospital Insurance (Medicare Part A)
IMF	International Monetary Fund
Imple. Guide	Implementation Guide
IRS	Internal Revenue Service
LIFO	Last-in, First-out
MD&A	management discussion and analysis
MRS	Military Retirement System
NRV	Net Realizable Value
OASDI	Old Age, Survivors, and Disability Insurance (Social Security)
OMB	Office of Management and Budget
OMB Bull.	OMB Bulletin
OPEB	Other Post Employment Benefits
ORB	Other Retirement Benefits
PP&E	Property Plant and Equipment
RRB	Railroad Retirement Benefits
RSSI	Required Supplementary Stewardship Information
SFAS	Statement of Financial Accounting Standards
SFFAC	Statements of Federal Financial Accounting Concepts
SFFAS	Statements of Federal Financial Accounting Standards
SGL	U.S. Government Standard General Ledger
SMI	Supplementary Hospital Insurance (Medicare Part B)
SOP	Statement of Position
UI	unemployment insurance
UTF	Unemployment Trust Fund

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**Section I**  
**Overview**

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**DRAFT****Checklist Organization**

The checklist has 10 sections: an overview section; a section related to general items in the financial statements; a section for each of the six financial statements; and two additional sections. The six sections reflecting the financial statements are organized by the line items in financial statements to allow the user to proceed through each statement from the beginning to the end. The final two sections cover disclosures in the footnotes related to significant accounting policies and required supplementary information.

Since the financial statements are interrelated, some questions concerning line items in one financial statement may also pertain to line items in another statement. For example, the questions covering loans receivable under the balance sheet may also include questions on the related interest income and subsidy expense appearing in the statements of financing and net cost. The questions on related line items appearing in more than one statement are covered only in the first statement in which the line item appears. In the preceding example, questions concerning interest income and subsidy expense would appear only under the balance sheet. Further, questions related to footnote disclosure would also appear only under the line item of the initial financial statement and would not be duplicated in the related financial statement except for the section on notes to the financial statements about significant accounting policies.

Except for sections I, II, VI and IX, the first page of each section contains a list showing the number of questions in the section. This checklist has 722 questions as follows.

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## Section I Overview

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### Authoritative Guidance

Each question in this guide<sup>1</sup> is referenced to a source that provides support for the question. The sources cited are (1) the FASAB-recommended statements approved by the principals (the Comptroller General, the Secretary of the Treasury, and the Director of OMB) (2) OMB Bulletin 97-01, Form and Content of Financial Statements (including the 1998 and 2000 revisions), and (3) approved FASAB statements not appearing in the GAO published FASAB Volume 1.<sup>2</sup>

FASAB-recommended statements approved by the principals include Statements of Federal Financial Accounting Concepts (SFFAC) and Statements of Federal Financial Accounting Standards (SFFAS). The two approved accounting concept statements are #1 Objectives of Federal Financial Reporting, 1993, and #2 Entity and Display, 1995. The eighteen accounting standards are:

1. Accounting for Selected Assets and Liabilities, 1993.
2. Accounting for Direct Loans and Loan Guarantees, 1993.
3. Accounting for Inventory and Related Property, 1994.
4. Managerial Cost Accounting Concepts and Standards, 1995.
5. Accounting for Liabilities of the Federal Government, 1997.
6. Accounting for Property, Plant, and Equipment, 1995.
7. Accounting for Revenue and Other Financing Sources, 1996.
8. Supplementary Stewardship Reporting, 1996.
9. Deferral of the Effective Date of Managerial Cost Accounting Standards for the Federal Government in SFFAS No. 4, 1998.
10. Accounting for Internal Use Software, 1998.
11. Amendments to Accounting for Property Plant and Equipment - Definitional Changes, 1998 - Amending SFFAS No. 6 and SFFAS No 8: Accounting for Property Plant and Equipment and Supplementary Stewardship Reporting.
12. Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS No. 5, 1998 – Accounting for Liabilities of the Federal Government.

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<sup>1</sup> This guide will become section 1004 of GAO's Financial Audit Manual.

<sup>2</sup> GAO published FASAB Volume 1 Original Statements (GAO/AIMD-21.1.1) contains SFFAS 1 through 8 and SFFAC 1 and 2.

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**Overview**

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13. Deferral of Paragraph 65.2 – Material Revenue-Related Transactions Disclosures, 1998 – Amending SFFAS No. 7, Accounting for Revenue and Other Financing Sources.
14. Amendments to Deferred Maintenance Reporting, 1999 – Amending SFFAS No. 6 Accounting for Property Plant and Equipment and SFFAS No. 8 Supplementary Stewardship Reporting.
15. Management's Discussion and Analysis, 1999.
16. Amendments to Accounting for Property, Plant, and Equipment – Measurement and Reporting for Multi-Use Heritage Assets, 1999 – Amending SFFAS No. 6 and SFFAS No. 8, Accounting for Property, Plant, and Equipment and Supplementary Stewardship Reporting.
17. Accounting for Social Insurance, 1999.
18. Amendments to Accounting Standards For Direct Loans and Loans Guarantees, 2000.

OMB Bulletin 97-01 provides the detailed requirements for the form and content of financial statements.

**How to Use This Guide**

To the right of each question are four columns. The first three columns provide for a "Y," "N," or "NA" answer for each question. When answering each question, place a check in the appropriate column. The fourth column provides for an explanation to the answer checked in one of the first three columns. A "Y" answer should indicate that the financial statements contain the information asked by the question. For each "yes" answer, the explanation column should include the page number or location in the financial statements where the information can be found. Also, other materials, such as accounting records, studies or working papers, or other documents, should be referenced or listed in the column where appropriate.

An "N" answer indicates that the information asked in the question is not included in the financial statements. The fourth column should provide an explanation. Examples of explanations for a "no" answer might include: (1) the federal entity is working to have the information available for the statements in subsequent years, (2) management believes that

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**Section I**  
**Overview**

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the information does not enhance the usefulness of the statements, (3) the cost of compiling the information exceeds the benefit of providing it, and (4) the items are not material. Also, support, such as a cost-benefit analysis, should be referenced or listed in the column where appropriate.

An "N/A" answer might indicate that the question does not apply to the federal entity. For example, most federal agencies do not administer loan, loan guarantee, or loan insurance programs and, therefore, do not have credit program receivables and related property. Consequently, the questions on these receivables, property, and subsidies would not apply. A simple explanation indicating that the reporting entity does not administer loan programs would appear in the explanation column of the first question in the series.

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**Section II****General Items Related to the Financial Statements**  
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There are 29 questions in this section. All the questions relate to the overall financial statements and are not further divided into categories.

<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
1. Does the entity's annual financial statement consist of the following items?  a. management discussion and analysis (MD&A) of the reporting entity  b. principal statements and related notes  c. required supplemental stewardship information  d. required supplemental information  e. other accompanying information that in management's judgment provides users with relevant information (OMB Bull. 97-01, pp. 4 & 5)				
2. Do the principal statements and notes include the following six statements?  a. Balance Sheet  b. Statement of Net Cost  c. Statement of Changes in Net Position  d. Statement of Budgetary Resources  e. Statement of Financing  f. Statement of Custodial Activity (OMB Bull. 97-01, p. 5)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>3. Does the entity use the following hierarchy as its sources of guidance in preparing its financial statements?</p> <p>a. statements of Federal Financial Accounting Concepts (SFFAC) and Standards (SFFAS) of the Federal Accounting Standards Board (FASAB)</p> <p>b. FASAB interpretations and technical bulletins related to the SFFAS's released by OMB in accordance with procedures outlined by OMB Circular A-134</p> <p>c. accounting principles published by other authoritative standard-setting bodies</p> <p>i. in the absence of other guidance in the first two parts of this hierarchy, and</p> <p>ii. if the use of such accounting principles improves the meaningfulness of the financial statements (OMB Bull. 97-01, pp. 6 &amp; 8, &amp; p. 9, items 2 &amp; 4; Statement on Auditing Standards (SAS) No. 91 – Federal Generally Accepted Accounting Principles (GAAP) Hierarchy</p>				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
4. Do the descriptions and displays meet the authoritative standard that governs the nature and purpose of the statements, the recognition and measurement of items in the statements, and the required disclosures? (OMB Bull. 97-01, p.9, item 2)				
5. When presenting dollar amounts in the statements and the notes, does the entity do the following? a. round dollar amounts to the nearest whole dollar, thousand, or million based on informative value to the reporting entity b. maintain the chosen rounding level throughout the principal statements and footnotes c. adjust the individual line items for differences created by rounding so that totals equal the sum of the addends in a column (OMB Bull. 97-01, p. 9, item 5)				
6. Does the entity present comparative financial statements with full footnote disclosure? (OMB Bull. 97-01, p. 9, item 3)				
7. Are immaterial but related line items combined? (OMB Bull. 97-01, p. 9, item 6)				
8. Are the statement line items, footnotes, and lines or columns that are not informative for the reporting entity excluded? (OMB Bull. 97-01, p. 9, item 7)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
9. Are material balances excluded from the "other" category and separately reported and designated by name? (OMB Bull. 97-01, p. 9, item 8)				
10. Are footnotes sequentially numbered? (OMB Bull. 97-01, p. 9, item 10)				
11. Do total amounts presented in the footnotes tie to the amounts presented in the body of the financial statements? (OMB Bull. 97-01, p. 9, item 10)				
Financial statements may be aggregated or disaggregated in different ways depending upon the nature of the statements. (OMB Bull. 97-01, p. 10, item 11)				
12. When agencies present disaggregated information for component organizations, does the total column for the entity as a whole reflect consolidated totals net of intra-entity transactions? (OMB Bull. 97-01, p. 10, item 11)				
When a reporting entity presents its financial statements in a single column format, the statements are referred to as consolidated statements. Financial statements that use a multi-column format to present information on an entity's major components or lines of business as well as the consolidated amounts are referred to as consolidating statements. (OMB Bull. 97-01, p. 10, item 11)				
13. Are intra-entity transactions needed to arrive at the consolidated amounts presented in a column on the face of the consolidating statements? (OMB Bull. 97-01, p. 10, item 11)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
14. Does the reporting entity include franchise funds and other intragovernmental revolving funds among the activities covered by its financial statements? (OMB Bull. 97-01, p. 10, item 11)				
15. If information about the assets, liabilities, costs, and revenues of these franchise funds and intragovernmental revolving funds are not separately disclosed in the entity's principal financial statements, is this information reported as required supplemental information? (OMB Bull. 97-01, p. 10, item 11)				
The Department of the Treasury will issue separate guidance providing a crosswalk from the accounts or the Standard General Ledger (SGL) to required financial statements (OMB Bulletin 97-01, p. 10, item 13)				
16. If the entity is not yet using the accounts and data elements of the SGL, are the ledger accounts and data elements used cross-walked to those of the SGL? (OMB Bulletin 97-01, p. 10, item 13)				
17. Does the overview (i.e., management discussion and analysis or equivalent) provide a clear and concise description of the reporting entity and its mission, activities, program and financial results, and financial condition? (OMB Bull. 97-01, p. 11)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
18. Does the overview, at a minimum, contain sections that address the following items concerning the entity?  a. mission and organizational structure  b. performance goals and results  c. limitations of the financial statements (OMB Bull. 97-01, p. 11)				
19. Does the entity's mission statement have the following attributes?  a. a clear articulation of what the entity's major programs and activities are intended to accomplish  b. consistency with the entity's strategic plan? (OMB Bull. 97-01, p. 11)				
20. Are the entity's programs and financial results expressed in terms of objective and relevant measures that disclose the extent to which its programs are achieving their intended objectives? (OMB Bull. 97-01, p. 11)				
21. Do the entity's financial results provide significant indicators of its financial operations and changes in financial condition during the reporting period? (OMB Bull. 97-01, p. 11)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
22. Has the entity attempted to develop and report objective measures that provide information about the cost effectiveness of programs? (OMB Bull. 97-01, p. 12)				
23. Are the reported measures of program and financial performance consistent with the agency's strategic plan? (OMB Bull. 97-01, p. 12)				
24. Do the entity's performance measures meet the following criteria? a. clearly set forth b. objective and quantifiable c. meaningful and relevant d. related to measures developed in the entity's strategic planning processes e. capable of presenting the outputs and outcomes of the programs, not just inputs or processes (OMB Bull. 97-01, p. 12)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
25. Does the entity's presentation of its performance measures include the following?  a. both positive and negative results  b. presentation of future and historical trends, if possible  c. use of charts and graphs, whenever possible, for easy identification of trends  d. explanation of the significance of trends  e. comparisons of actual results to goals or benchmarks  f. variations from goals and trends  g. other explanatory information that helps readers understand the significance of the measures, results, and any variations from goals or plans (OMB Bull. 97-01, p. 12)				
26. Does the entity explain what needs to be done and what is planned to improve financial or program performance? (OMB Bull. 97-01, p. 13)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
27. Do the performance measures presented in the overview include the following criteria? a. related to program purposes and goals b. consistent with measures previously included in budget documents and other materials related to implementation of the Government Performance and Results Act (GPRA) c. linked to the programs presented in the Statement of Net Cost d. limited to the entity's most significant program and financial measures (OMB Bull. 97-01, p. 13)				

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**Section II****General Items Related to the Financial Statements**  
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<b>General Items (1 - 29)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
28. Are the less significant program and financial measures presented as "other accompanying information?" (OMB Bull. 97-01, p. 13)				
29. Does the entity note the following under the section "Limitations of the Financial Statements"?  a. the financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515(b)  b. while the statements have been prepared from the books and records of the entity in accordance with the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records  c. the statements should be read with the realization that they are for a component of the U.S. Government <sup>1</sup> (OMB Bull. 97-01, p. 13)				

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<sup>1</sup> One implication of this is that liabilities cannot be liquidated without enabling legislation.

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**Section III****Balance Sheet****DRAFT**

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The questions related to the balance sheet are contained under 23 line items. The question numbers related to each line item follow.

	<u>Question numbers</u>
General Items	1 - 4
<b>Assets</b>	
1. Fund Balance with Treasury	5 - 17
2. Investments	18 - 27
3. Accounts Receivable (Net)	28 - 49
4. Interest Receivable (Net)	50 - 53
5. Credit Program Receivables	54 - 94
6. Cash and Other Monetary Assets	95 - 97
7. Inventory and Related Property	98 - 114
8. Operating Materials and Supplies	115 - 122
9. Stockpile Materials	123 - 133
10. Seized Property	134 - 143
11. Forfeited Property	144 - 151
12. Goods Held Under Price Support and Stabilization Programs	152 - 165
13. General Property, Plant, and Equipment (Net)	166 - 197
14. Software	198 - 228
15. Other Assets	229 - 241
<b>Liabilities</b>	
16. Liabilities in General	242 - 243
17. Interest Payable	244 - 251
18. Liabilities for Loan Guarantees	252 - 265
19. Lease Liabilities	266 - 269
20. Federal Debt and Related Interest	270 - 281
21. Pensions, Other Retirement Benefits, and Postemployment Benefits	282 - 290
22. Other Liabilities	291 - 321
<b>Net Position</b>	
23. Unexpended Appropriations and Cumulative Results of Operations	322 - 325

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**Section III****Balance Sheet****DRAFT**

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<b>General Items (1 - 4)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
The Balance Sheet presents, as of a specific time, amounts of future economic benefits (assets) owned or managed by the reporting entity exclusive of items subject to stewardship reporting, amounts owed by the entity (liabilities), and amounts that comprise the difference (net position). (OMB Bull. 97-01, p. 16)				
1. Does the Balance Sheet display assets, liabilities, and net position? (OMB Bull. 97-01, pp. 14, 15, & 16)				
Entity assets are assets that the reporting entity has authority to use in its operations. Nonentity assets are assets that are held by an entity but are not available to the entity as, for example, income tax receivables. (OMB Bull. 97-01, p. 16)				
2. Are entity assets separately reported from nonentity assets? (OMB Bull. 97-10, pp. 14 & 16)				
Intragovernmental assets are claims of a federal entity against other federal entities; conversely, intragovernmental liabilities are claims against the entity by other federal entities. (OMB Bull. 97-01, pp. 16 & 21)				
3. Are intragovernmental assets and liabilities reported separately from governmental assets and liabilities that arise from transactions of the federal government or a federal government entity with nonfederal entities, the federal reserve, and government-sponsored enterprises? (OMB Bull. 97-01, pp. 14, 16, & 21)				

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**Section III****Balance Sheet****DRAFT**

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<b>General Items (1 - 4)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Liabilities covered by budgetary resources are liabilities covered by realized budgetary resources as of the balance sheet date. Budgetary resources include: (1) new budget authority, (2) spending authority from offsetting collections credited to an appropriation or fund account, (3) recoveries of unexpired budget authority through downward adjustment or prior year obligations (4) unobligated balances of budgetary resources of the beginning of the year or net transfers or prior year balances during the year, and (5) permanent indefinite appropriations or borrowing authority, which have been enacted and signed into law as of the balance sheet date and may be apportioned by OMB without further congressional action or a contingency having to be met. (OMB Bull. 97-01, p. 21)				
4. Are liabilities covered by budgetary resources separately reported from liabilities uncovered by budgetary resources? (OMB Bull. 97-01, p. 21)				

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**Section III****Balance Sheet****DRAFT**

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<b>Assets</b> <b>Fund Balance with Treasury</b> <b>(5 - 17)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
A federal entity's fund balance with the Treasury is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. From the reporting entity's perspective, a fund balance with Treasury is an asset. From the perspective of the federal government as a whole, the fund balance is neither an asset nor a liability. It instead represents a commitment to make resources available to federal or other entities. (SFFAS 1, par. 31)				
5. Is the fund balance with Treasury reported as an intragovernmental asset? (SFFAS 1, par. 31; OMB Bull. 97-01, p. 14)				
6. Are amounts disclosed as fund balances in deposit, suspense, and clearing accounts that are not available to finance entity activities reported as nonentity assets? (OMB Bull. 97-01, p. 17)				
7. Is foreign currency translated into U.S. dollars at exchange rates determined by the Treasury at the financial reporting date? (SFFAS 1, par. 32; OMB Bull. 97-01, p. 17)				

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**Section III****Balance Sheet****DRAFT**

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<b>Assets</b> <b>Fund Balance with Treasury</b> <b>(5 - 17)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
8. Does the entity's fund balance with Treasury also include the following? a. clearing account balances b. balances for direct loan and loan guarantee activities held in the credit reform program, financing, and liquidating accounts c. funds actually borrowed from Treasury under statutory authority d. the dollar equivalent of foreign currency account balances (SFFAS 1, par. 32 & 35)				
9. Does the entity's fund balance with Treasury exclude contract authority <sup>1</sup> or unused authority to borrow? (SFFAS 1, par. 34)				

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<sup>1</sup> Contract authority is a statutory authority under which contracts or other obligations may be entered into prior to receiving an appropriation for the payment of obligations.

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**Section III****Balance Sheet****DRAFT**

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<b>Assets</b> <b>Fund Balance with Treasury</b> <b>(5 - 17)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
10. Does the entity record an increase in its fund balance with Treasury when it does at least one of the following?  a. receives appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations  b. receives transfers and reimbursements from other agencies  c. borrows from the Treasury, Treasury, Federal Financing Bank, or other entity  d. collects and credits amounts to its appropriations or fund accounts that the entity is authorized to spend or use to offset its expenditures (SFFAS 1, par. 33)				

### Section III

## Balance Sheet

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<b>Assets</b> <b>Fund Balance with Treasury</b> <b>(5 - 17)</b>	Y	N	N/A	Explanation
<p>11. Does the entity record a decrease in its fund balance with Treasury when at least one of the following occurs?</p> <ul style="list-style-type: none"> <li>a. Treasury makes disbursements to pay liabilities or to purchase assets, goods, and services.</li> <li>b. Treasury makes investments in U.S. Securities.</li> <li>c. Treasury's expired appropriations are cancelled.</li> <li>d. Treasury makes transfers and reimbursements to other entities or the Treasury.</li> <li>e. Treasury's appropriations are rescinded or sequestered. (SFFAS 1, par. 36)</li> </ul>				
<p>12. Are any restrictions related to future uses of fund balances disclosed? (SFFAS 1, par. 38; OMB Bull. 97-01, p. 42, item B)</p>				
<p>13. Are discrepancies between fund balances in Treasury's records and general ledger accounts explained and corrected, if necessary? (SFFAS 1, par. 39; OMB Bull. 97-01, p. 42, item B)</p>				
<p>14. Are amounts held for special purposes (such as collections pending litigation outcome or held as an agent for others) disclosed as "other fund types"? (OMB Bull. 97-01, p. 42, item A)</p>				

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**Section III****Balance Sheet****DRAFT**

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<b>Assets</b> <b>Fund Balance with Treasury</b> <b>(5 - 17)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
15. Are fund balances representing amounts (1) obligated but not yet disbursed and (2) unobligated: disclosed separately? (SFFAS 1, par. 37 & 38; OMB Bull. 97-01, p. 42, item B)				
16. Are fund balances disclosed by fund type? (OMB Bull. 97-01, p. 41 & 42, item A)				
17. Are unexpended appropriations recognized as capital and included under funds with Treasury when they are made available for apportionment? (SFFAS 7, par. 71)				

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**Section III****Balance Sheet****DRAFT**

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<b>Assets Investments (18 - 27)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Investments in federal securities include (a) nonmarketable par value Treasury securities, (b) market-based Treasury securities, (c) marketable Treasury securities, and (d) securities issued by other federal entities. Nonfederal securities includes those issued by state and local governments, private corporations, and government-sponsored enterprises. (SFFAS 1, par. 62; OMB Bull. 97-01, p. 17)				
18. Are investments in federal securities reported separately from investments in nonfederal securities? (SFFAS 1, par. 67; OMB Bull. 97-01, p. 17)				
19. Are investments initially recorded and reported at their acquisition or amortized costs? (SFFAS 1, par. 68 & 69; OMB Bull. 97-01, p. 17 & pp. 44 & 45, note 4)				
20. Are investments acquired in exchange for nonmonetary assets recognized at the fair value of either (whichever is more determinable) the securities acquired or the assets given up? (SFFAS 1, par. 68)				
21. Subsequent to acquisition, are investments reported at their carrying amount adjusted for amortized premium or discount? (SFFAS 1, par. 70 - 71; OMB Bull. 97-01, p. 17 & pp. 44 & 45, note 4)				

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**Section III****Balance Sheet****DRAFT**

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<b>Assets Investments (18 - 27)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
22. Is the interest method (i. e., effective interest rate multiplied by the carrying amount) used in amortizing the premium or discount over the life of the security? (SFFAS 1, par. 71)				
23. Is the method of amortizing investment premiums and discounts disclosed in a note to the financial statements? (OMB Bull. 97-01, pp. 44 & 45, note 4)				
24. Is the market value and method of valuing market-based and marketable securities disclosed? (SFFAS 1, par. 72; OMB Bull. 97-01, pp. 44 & 45, note 4)				
25. Are investments grouped by type of security such as marketable or market-based Treasury securities? (SFFAS 1, par. 72)				
26. Are investment securities, which initially were expected to be held to maturity, reported at market value in the balance sheet if they are for sale and have experienced more than a temporary reduction in value? (SFFAS 1, par. 72 & 73; OMB Bull. 97-01, pp. 44 & 45, note 4)				
27. Does the entity disclose any other information relative to understanding the nature of reported investments, such as permanent impairments? (OMB Bull. 97-01, p. 45)				

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<b>Assets</b> <b>Accounts Receivable (Net)</b> <b>(28 - 49)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Entity receivables are amounts due from other federal or nonfederal entities. Nonentity receivables are amounts that the entity is to collect on behalf of the federal government or other entities. Not included in this category are receivables related to direct or guaranteed loans, which are reported separately. (SFFAS 1, par. 43; OMB Bull. 97-01, p. 45, note 5)				
28. Is a receivable recognized when a federal entity establishes a claim based on legal provisions or when goods or services are provided? (SFFAS 1, par. 41)				
29. If the exact amount of a receivable is unknown, is a reasonable estimate made? (SFFAS 1, par. 41)				
30. Are entity and nonentity accounts receivable reported separately? (SFFAS 1, par. 43; OMB Bull. 97-01, p. 14 & p. 45, note 5)				
31. Does the entity disclose the following for both entity and nonentity receivables? a. the gross receivables b. the method used to estimate the allowance for uncollectable amounts c. the net amount due (OMB Bull. 97-01, p. 45, note 5)				
32. If cash has not been received at the time revenue is recognized, is a receivable recorded and allowance for bad debts, if needed, established? (SFFAS 7, par. 39 & 129 - 131)				

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<b>Assets</b> <b>Accounts Receivable (Net)</b> <b>(28 - 49)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
33. Is an account receivable arising from a nonexchange transaction recognized when a collecting entity establishes a specifically identifiable, measurable, and legally enforceable claim to cash or other assets? (SFFAS 7, par. 53 & footnote 9; SFFAS 1 par. 41)				
34. Is a receivable associated with nonexchange revenue for taxes and duties recognized upon completion of the entity's established assessment process? (SFFAS 7, par. 53)				
35. Is an interentity receivable recognized when (1) a legally enforceable claim exists between a collecting entity and a recipient entity for the transfer or repayment of taxes or duties, and (2) payment of such a claim is probable and measurable (SFFAS 7, par. 60)				

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<b>Assets</b> <b>Accounts Receivable (Net)</b> <b>(28 - 49)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>36. Are assessments recognized as accounts receivable if an enforceable claim for taxes and duties exists in the following instances?</p> <ul style="list-style-type: none"> <li>a. tax returns filed by the taxpayer</li> <li>b. customs documents filed by the importer</li> <li>c. taxpayer agreements to assessments at the conclusion of an audit or as a substitute for a tax return (or importer agreements to supplemental assessments)</li> <li>d. court actions determining an assessment</li> <li>e. taxpayer (or importer) agreements to pay an assessment on an installment plan</li> <li>f. receivables determined to be currently not collectable but with future collection potential (SFFAS 7, par. 53, 54, 170, &amp; 171)</li> </ul>				
<p>Compliance assessments are proposed assessments by the collecting entity in definitive amounts, but with which the taxpayer (or importer) still has the right to disagree or object. (SFFAS 7, par. 55.1)</p> <p>Preassessment works-in-process are assessments not yet officially asserted by the collecting entity that are subject to a taxpayer's right to conference in response to initial information notices. (SFFAS 7, par. 55.2)</p>				

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<b>Assets</b> <b>Accounts Receivable (Net)</b> <b>(28 - 49)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
37. Do nonexchange-related accounts receivable for taxes and duties exclude the following? a. amounts received or due with tax returns received after the close of the reporting period b. compliance assessments c. preassessment work-in-process amounts (SFFAS 7, par. 54)				
38. Are compliance assessments reclassified and recognized as an account receivable in the following instances? a. the taxpayer files an amended tax return b. a protest or retention period lapses c. a court action settles the matter in the government's favor d. the taxpayer (or importer) agrees to pay or e. a compromise payment plan is accepted (SFFAS 7, par. 55.1 & 178 – 180)				
39. Is an allowance for uncollectible amounts based on an analysis of both individual accounts receivable and groups of accounts receivable as prescribed by SFFAS No. 1? (SFFAS 1, par. 44 – 51; SFFAS 7, par. 56)				

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<b>Assets</b> <b>Accounts Receivable (Net)</b> <b>(28 - 49)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
40. Is this allowance for estimated uncollectable accounts receivables periodically adjusted to reflect the latest information? (SFFAS 1, par. 45)				
41. Are amounts for preassessment work in progress excluded from accounts receivable? (SFFAS 7, par. 55.B)				
42. Are intragovernmental <sup>2</sup> accounts receivable reported separately from receivables from nonfederal entities? (SFFAS 1, par. 42; OMB Bull. 97-01, p. 14)				
43. Are losses due to uncollectable amounts measured through a systematic methodology, which is based on an analysis of both individual accounts and a group of accounts as a whole? (SFFAS 7, par. 46)				
44. Are accounts that represent significant amounts individually analyzed to determine the loss allowance? (SFFAS 1, par. 47)				

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<sup>2</sup> Intragovernmental receivables are amounts due from other federal entities. (SFFAS 1, par. 42)

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<b>Assets</b> <b>Accounts Receivable (Net)</b> <b>(28 - 49)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
45. Is the loss estimation for individual accounts based on the following? a. the debtor's ability to pay b. the debtor's payment record and willingness to pay c. the probable recovery of amounts from secondary sources including liens, garnishments, cross collections, and other applicable collection tools (SFFAS 1, par. 47)				
46. If information is not available or if the nature of the receivables does not lend itself to individual account analysis, are the potential losses assessed on a group basis? (SFFAS 1, par. 48)				
47. If potential losses are assessed on a group basis, are the receivables separated into groups of homogeneous accounts with similar risk characteristics? (SFFAS 1, par. 49 - 51)				

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<b>Assets</b> <b>Accounts Receivable (Net)</b> <b>(28 - 49)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
48. Does the reporting entity disclose the following?  a. the major categories of account receivables by amount and type  b. the methodology used to estimate the allowance for uncollectible amounts  c. a reconciliation of beginning and ending amounts of uncollectible accounts (SFFAS 1, par. 52; OMB Bull. 97-01, p. 17 & p. 45, note 5)				
49. Are losses on receivables recognized when it is more likely than not that the receivables will not be totally collected (i.e., there is a greater than 50 percent chance of loss)? (SFFAS 1, par. 44)				

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<b>Assets Interest Receivable (Net) (50 – 53)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
50. Is interest earned but not received recognized as interest receivable and reported as interest receivable? (SFFAS 1, par. 53; OMB Bull. 97-01, p. 17)				
51. Does interest receivable exclude interest on accounts receivable and investments determined to be uncollectible? (SFFAS 1, par. 54; OMB Bull. 97-01, p. 17)				
52. Is interest accrued on uncollectible amounts receivable disclosed until: (1) the interest payment requirement has been officially waived or (2) the related debt has been written off? (SFFAS 1, par. 55; OMB Bull. 97-01, p. 17)				
53. Is interest receivable from federal entities reported separately from interest receivable from nonfederal entities? (SFFAS 1, par. 56)				

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
The Federal Credit Reform Act of 1990 divides loans and loan guarantees into two groups: pre-1992 and post-1991. Pre-1992 refers to direct loan obligations or loan guarantee commitments made prior to fiscal year 1992; post-1991 refers to direct loan obligations or loan guarantee commitments made after fiscal year 1991. (OMB Bull. 97-01, p. 53)				
54. Is interest receivable related to pre-1992 and post-1991 direct loans and are acquired defaulted guaranteed loans reported as a component of credit program receivables and related foreclosed property? (OMB Bull. 97-01, p 17)				
55. Are loan amounts broken out by group (pre-1992 and post-1991) and loan program and disclosed in a note to the financial statements? (OMB Bull. 97-01, pp. 47 & 48)				
56. Are credit program receivables considered an entity asset if at least one of the following criteria is met?  a. The entity has the authority to either determine the use of the funds collected.  b. The entity is legally obligated to use the funds to meet entity obligations (e.g., loans to Treasury). (OMB Bull. 97-01, p. 18)				

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<b>Assets Credit Program Receivables (54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
57. If a loan guarantee program is generating a negative subsidy and the lender had not disbursed the loan as of the balance sheet date, does the entity record and include this amount as part of the total undelivered orders? (OMB Bull. 97-01, p. 18 & p. 69, note15)				
58. Are special receipt accounts for negative subsidies and downward subsidy reestimates included in the credit reporting entity's financial statements? (OMB Bull. 97-01, p. 18)				
59. Are any assets in these special receipt accounts shown as nonentity assets offset by intragovernmental liabilities covered by budgetary resources? (OMB Bull. 97-01, p. 18)				
60. Do the notes disclose other relevant and appropriate information related to direct loans and loan guarantees including the following? a. commitments to guarantee b. management's method for accruing interest revenue and recording interest receivable c. management's policy for accruing interest on nonperforming loans (OMB Bull. 97-01, p. 56, item K)				

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
For post-1991 loans and guarantees, a subsidy expense is recognized in the year they are disbursed. For pre-1992 loans and guarantees, a loss and liability need not be recognized until it is more likely than not that a loan (either direct or guaranteed) will go into default. (SFFAS 2, par. 24 & 39; OMB Bull. 97-01, pp. 55 & 56, items H & I)				
61. Are post-1991 direct loans recognized as assets at the present value (discounted at a comparable Treasury rate) of their estimated net cash inflows? (SFFAS 2, par. 22 & app. B, part I A)				
62. Is the difference between the outstanding principal of post-1991 direct loans and the present value of their net cash flows recognized as a subsidy cost allowance? (SFFAS 2, par. 22 & app. B, part I A)				
63. Are the components of the present value of post-1991 direct loans receivable (i.e., principal, interest, estimated net value of foreclosed property, and allowance for subsidy costs) disclosed? (OMB Bull. 97-01, p. 48 & 54)				
64. When post-1991 guaranteed loans go into default, is the value of the assets related to defaulted guaranteed loans receivable <sup>3</sup> included in the reported credit program receivables? (OMB Bull. 97-01, item E, pp. 49 & 55)				

<sup>3</sup> That is, the sum of (1) defaulted guaranteed loans receivable gross, (2) interest receivable, and (3) foreclosed property, less the allowance for subsidy cost at present value.

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
65. When post-1991 loans are written off, is the unpaid principal removed from unpaid loans receivable and charged against the allowance for subsidy costs? (SFFAS 2, par. 61)				
66. Are the following components of the assets that are related to post-1991 direct and defaulted guaranteed loans receivable disclosed by loan program?  a. loans receivable, gross  b. interest receivable  c. estimated net realizable value of foreclosed property  d. allowance for subsidy costs (present value)  e. the total value of related assets (i.e., the sum of a - c less d) (OMB Bull. 97-01, items C & E, pp. 48, 49, 54 item C, & 55 item E)				

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
67. Are losses of pre-1992 direct loans obligated recognized (and a corresponding allowance amount set up) when it is more likely than not that the direct loans will not be totally collected? (SFFAS 2, par. 39 & app. B, part II A)				
68. Are allowances for uncollectible pre-1992 loans reestimated each year? (SFFAS 2, par. 39)				
69. Are the following components of assets related to pre-1992 direct loans receivable disclosed by loan program? a. loans receivable, gross b. interest receivable c. foreclosed property d. present value allowance <sup>4</sup> (if the present value method is used) e. allowance for loan losses <sup>5</sup> (if the allowance method is used) (SFFAS 2, par. 39; OMB Bull. 97-01, pp. 47 & 54 item B)				

<sup>4</sup> Under the present value method, the nominal amount of the direct loans is reduced by an allowance equal to the difference between the nominal amount and the present value of the expected net cash flows from the loans (OMB Bull 97-01 p. 53, item A, par. 3)

<sup>5</sup> Under the allowance-for-loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts. (OMB Bull 97-01 p. 53, item A, par. 3)

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>70. Are the following components of defaulted guaranteed loans from pre-1992 guarantees disclosed by loan program?</p> <ul style="list-style-type: none"> <li>a. defaulted guaranteed loans receivable, gross</li> <li>b. interest receivable</li> <li>c. the estimated net value of related foreclosed property</li> <li>d. the present value allowance (if the present value method is used)</li> <li>e. the allowance for loan losses (if the allowance for loss method is used)</li> </ul> <p>defaulted guaranteed loans receivable, net (i.e., depending on the method used: the sum of a, b, &amp; c less d or a, b, &amp; c less e) (OMB Bull. 97-01, items D1 &amp; D2, pp. 48, 54, &amp; 55)</p>				

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>A loan modification is a federal government action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding loans or the liability of loan guarantees. A direct modification changes the subsidy cost by altering the terms of existing contracts or through the sale of direct loans. An indirect modification changes the subsidy costs by altering the way loans and loan guarantees are administered. A modification does not include subsidy cost reestimates, routine administrative workouts of troubled loans, and other actions permitted within existing contract terms. (SFFAS 2, par. 41 - 44)</p>				
<p>71. When post-1991 loans are modified, is their existing book value changed to an amount equal to the present value (discounted at the Treasury rate in effect when the loans were first disbursed) of the loans' net cash inflows that are projected under the modified terms from the time of the modification to the loans' maturity? (SFFAS 2, par. 46 &amp; app. B, part I D(4))</p>				
<p>72. When pre-1992 loans are directly modified do they meet the following conditions?</p> <ul style="list-style-type: none"> <li>a. they are transferred from the liquidating account to a financing account</li> <li>b. their book value is recorded at their post-modification value (i.e., the present value of the net cash flows under post-modification terms discounted at the current Treasury rate) (SFFAS 2, par. 47 &amp; app. B, part II B(4))</li> </ul>				
<p>73. Are subsequent (direct) modifications of pre-1992 loans treated as a modification of post-1991 loans? (SFFAS 2, par. 47)</p>				

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
74. When pre-1992 loans are indirectly modified do they meet the following conditions? a. they are kept in a liquidating account b. their bad debt allowance is reassessed and adjusted to reflect amounts that would not be collected due to the modification (SFFAS 2, par. 47)				
75. Does the entity disclose the following by program in the notes to the financial statements? a. the nature of the modification of direct loans or loan guarantees b. the discount rate used in calculating the modification expense c. the basis for recognizing a gain or loss related to the modification (SFFAS 2, par. 56 & OMB Bull. 97-01, pp. 52 & 56 item K)				
76. When post-1991 and pre-1992 loans are sold is the sale treated as a direct modification? (SFFAS 2, par. 53)				
77. Does the agency disclose the expectation that proceeds from sale of their loans will differ from the reported face value of the loans or the value of their related assets? (OMB Bull. 97-01, p. 53, item A)				

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<b>Assets</b> <b>Credit Program Receivables</b> <b>(54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Foreclosed property is any asset, which is assumed to be held for sale, that is received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs). Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991 (SFFAS 3, par. 79 & 80)				
78. Is post-1991 foreclosed property valued at the net present value of the projected future cash flows associated with the property? (SFFAS 3, par. 81)				
79. Is pre-1992 foreclosed property recorded at cost and adjusted to the lower of cost or net realizable value? (SFFAS 3, par. 81)				
80. Is any difference between cost and net realizable value carried in a valuation allowance? (SFFAS 3, par. 81)				
81. In estimating sales proceeds, has the entity considered its historical experience in selling property as well as the nature of the sale? (SFFAS 3, par. 82)				
82. Were the estimated future cash flows of post-1991 foreclosed property (i.e., sales proceeds, rent, holding and selling expenses) or acquired loans discounted at the Treasury discount rate in effect at the time the underlying loan or guarantee was granted? (SFFAS 2, par. 57, 59; SFFAS 3, par. 82 - 83; OMB Bull. 97-01, p. 54 item C)				

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<b>Assets Credit Program Receivables (54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
83. Is the net present value of post-1991 foreclosed property adjusted periodically to recognize both changes in the expected future cash flows and accrual of interest due to the passage of time? (SFFAS 3, par. 84)				
84. Are any adjustments in the carrying amounts of post-1991 foreclosed property included in the presentation of "interest income" and the reestimate of "subsidy expense?" (SFFAS 3, par. 84)				
85. For post-1991 foreclosed property are the following true? a. third party claims are recorded at their net present value at the time of the foreclosure b. any periodic changes in net present value of the claim are reflected in "interest income" and "subsidy expense" (SFFAS 3, par. 87)				
86. Are receipts or disbursements associated with acquiring and holding post-1991 foreclosed property charged or credited to foreclosed property? (SFFAS 3, par. 88)				

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<b>Assets Credit Program Receivables (54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
87. When the government acquires foreclosed assets in full or partial settlement of post-1991 loans, is the present value of the government's claim against the borrowers reduced by the amount settled as a result of the foreclosure? (SFFAS 2, par. 60)				
88. If a lender, debtor, or other third party has a legitimate claim to a post-1991 foreclosed asset, is the net present value of the estimated claim recognized as a special contra-valuation allowance? (SFFAS 2, par. 58; SFFAS 3, par. 87)				
89. Is pre-1992 foreclosed property recorded at cost and adjusted, if necessary, to the lower of cost or net realizable value? (SFFAS 3, par. 81 & 85)				
90. Is the net realizable value based on an estimate of the market value of the property adjusted for any expected losses consistent with historical experience, abnormal market conditions, and time limitations as well as any other costs of the sale? (SFFAS 3, par. 81 & 86)				

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<b>Assets Credit Program Receivables (54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
91. Is the estimate of market value based on one of the following criteria?  a. the market value of the property if an active market exists  b. the market value of similar properties if no active market exists  c. a reasonable forecast of expected cash flows adjusted for estimates of all holding costs, including any cost of capital (SFFAS 3, par. 85)				
92. For pre-1992 foreclosed property, are third-party claims recorded at the expected amount of cash required to settle the claims? (SFFAS 3, par. 87)				
93. If foreclosed property is not sold but placed into operation, is the asset transfer treated in the same manner as a sale to a third party? (SFFAS 3, par. 90)				

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<b>Assets Credit Program Receivables (54 - 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
94. When the government acquires foreclosed assets in full or partial settlement of a direct or guaranteed loan (pre-1992 and post-1991), is the following information disclosed? a. valuation basis for foreclosed property b. changes from prior year's accounting methods, if any c. restrictions on the use/disposal of property d. balances by categories (i.e., pre-1992 and post-1991 foreclosed property) e. number of properties held and average holding period by type or category and f. number of properties for which foreclosure proceedings are in process at the end of the period (SFFAS 3, par. 91; OMB Bull. 97-01, item K, pp. 56 & 57)				

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<b>Cash and Other Monetary Assets (95 - 97)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Cash (including imprest funds) consists of on-hand or in-transit funds for deposit: coins, paper currency, negotiable instruments (such as checks and money orders), demand deposits, and foreign currencies stated in U. S. dollars at the financial statement date exchange rate. (SFFAS 1, par. 27; OMB Bull. 97-01, p. 18)</p> <p>Other monetary assets consist of other items such as gold, special drawing rights, and U. S. reserves in the International Monetary Fund (IMF). (OMB Bull. 97-01, p. 18 &amp; p. 43, item C)</p>				
95. Are entity cash (amounts held and authorized to be spent by the entity) and nonentity cash (amounts held on behalf of other entities such as Treasury) separately reported? (SFFAS 1, par. 28 & 29; OMB Bull. 97-01, p. 18)				
96. Are the components of cash and other monetary assets disclosed and described in a note to the financial statements? (OMB Bull. 97-01, p. 18 & pp. 42 & 43, note 3)				
97. If cash is restricted, is the nature and reason disclosed? (SFFAS 1, par. 30; OMB Bull. 97-01, p. 43, note 3, item E)				

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<b>Assets</b> <b>Inventory and Related</b> <b>Property</b> <b>(98 - 114)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Inventory is tangible personal property that is (a) held for sale, (b) in process of production for sale, or (c) to be consumed in the production of goods for sale or in the provision of services for a fee. Inventory does not include other assets held for sale such as (a) stockpile materials, (b) seized and forfeited property, (c) foreclosed property, and (d) goods held under price support and stabilization programs. (SFFAS 3, par. 17)</p>				
<p>98. Is inventory categorized and either separately reported or disclosed in the notes as the following?</p> <p>a. inventory held for sale</p> <p>b. inventory held in reserve for future sale</p> <p>c. excess, obsolete, and unserviceable inventory</p> <p>d. inventory held for repair (SFFAS 3, par. 18, 27, 29, &amp; 32; OMB Bull. 97-01, p. 57, note 8)</p>				
<p>99. Is inventory valued at historical cost, latest acquisition cost, or net realizable value? (SFFAS 3, par. 20 &amp; 26)</p>				
<p>100. If inventory is valued at historical cost, does that cost include the purchase amount and all other costs incurred to bring the inventory into its current condition and location? (SFFAS 3, par. 21)</p>				

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<b>Assets Inventory and Related Property (98 - 114)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
101. Are one of the following historical cost flow assumptions used to value inventory? a. first-in, first out (FIFO) b. weighted average c. moving average d. any other valuation method (such as a standard cost system) whose results reasonably approximate “a” “b” or “c” (SFFAS 3, par. 22)				
102. Are abnormal costs, such as excessive handling or rework costs, charged to expenses for the period? (SFFAS 3, par. 21)				
103. Is donated inventory valued at its fair value at the time of donation? (SFFAS 3, par. 21)				
104. Is inventory acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of the exchange? (SFFAS 3, par. 21)				
105. If the latest acquisition cost method of inventory valuation is used, is the latest invoice price (actual cost) applied to all like units, including those acquired through donation and nonmonetary exchange? (SFFAS 3, par. 23)				

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<b>Assets</b> <b>Inventory and Related</b> <b>Property</b> <b>(98 - 114)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
106. Under the latest acquisition cost method, is the inventory revalued periodically (or at least by the end of the fiscal year)? (SFFAS 3, par. 23)				
107. If the latest acquisition cost method is used to value inventory, is the reported cost of goods sold adjusted by the difference between the beginning and ending unrealized holding gains and losses? (SFFAS 3, par. 25)				
108. If inventory is valued at net realizable value, does it meet the following criteria? a. an inability to determine approximate cost b. immediate marketability at quoted prices c. unit interchangeability (e.g., petroleum reserves) (SFFAS 3, par. 26)				
109. Is excess, obsolete, and unserviceable inventory valued at its expected net realizable value? (SFFAS 3, par. 30)				

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<b>Assets Inventory and Related Property (98 - 114)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
110. When inventory is declared excess, obsolete, or unserviceable is the difference between the carrying amount and the expected net value recognized as a loss (or gain) and either separately reported or disclosed? (SFFAS 3, par. 30)				
111. Are any subsequent adjustments to the inventory's net value or any loss (or gain) upon disposal recognized as losses (or gains)? (SFFAS 3, par. 30)				
112. When inventory is held for repair is it valued using either of the following?  a. the allowance method (i.e., it is valued at the same value as a serviceable item and a contra asset repair allowance account is set up)  b. the direct method (original carrying value of the inventory less estimated repair costs) (SFFAS 3, par. 32 & 33)				
113. If inventory is transferred to "inventory held for repair," are estimated prior period repair costs either credited to the repair allowance or to the inventory and reported as an adjustment to equity? (SFFAS 3, par. 34)				

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<b>Assets Inventory and Related Property (98 - 114)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
114. Does the entity disclose the following about its inventory?  a. the general composition  b. the basis for determining inventory values (including the valuation method and any cost flow assumptions)  c. changes from prior years' accounting methods, if any  d. balances for the major categories of inventory if not broken out in the financial statements  e. restrictions on the sale of inventory  f. the decision criteria for categorizing inventory  g. changes in the criteria for categorizing inventory (SFFAS 3, par. 28, 31, & 35; OMB Bull. 97-01, p. 57, note 8)				

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<b>Assets</b> <b>Operating Materials and Supplies</b> <b>(115 - 122)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Operating materials and supplies are tangible personal property to be consumed in normal operations. Excluded are (a) operating materials and supplies acquired to construct real property and equipment for the entity's use, (b) stockpile materials, (c) price stabilization goods, (d) foreclosed property, (e) seized and forfeited property, and (f) inventory. (SFFAS 3, par. 36)</p>				
<p>115. Are operating materials and supplies categorized and reported or disclosed as the following?</p> <p>a. operating materials and supplies held for use</p> <p>b. operating materials and supplies held in reserve for future use</p> <p>c. excess, obsolete, or unserviceable operating materials and supplies (SFFAS 3, par. 36, 37, 45, &amp; 47; OMB Bull. 97-01, p. 58, note 8)</p>				
<p>116. Are operating materials and supplies recognized and reported as assets when produced or purchased? (SFFAS 3, par. 38)</p>				
<p>117. Are operating materials and supplies valued at historical cost, including all appropriate purchase and production costs incurred to bring the items to their current condition and location? (SFFAS 3, par. 43)</p>				

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<b>Assets Operating Materials and Supplies (115 - 122)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
118. Are donated operating materials and supplies valued at their fair value at the time of donation? (SFFAS 3, par. 43)				
119. Are operating materials and supplies acquired through exchange of nonmonetary assets (e.g. barter) valued at the fair value of the asset received at the time of the exchange? (SFFAS 3, par. 43)				
120. Is one of the following historical cost flow assumptions used to value ending materials and supplies under the consumption method?  a. first-in, first out (FIFO)  b. weighted average  c. moving average or  d. any other valuation method (such as a standard cost system) whose results reasonably approximate "a," "b," or "c" (SFFAS 3, par. 42 & 44)				

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<b>Assets Operating Materials and Supplies (115 - 122)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>121. Does the entity disclose the following information about its operating materials and supplies?</p> <ul style="list-style-type: none"> <li>a. general composition</li> <li>b. balances in each operating material and supply category</li> <li>c. change from prior years' accounting methods</li> <li>d. basis for valuation (including valuation method and any cost flow assumptions)</li> </ul>				
<ul style="list-style-type: none"> <li>e. restrictions on the use of materials and supplies, if any</li> <li>f. decision criteria for identifying each category to which material and supplies are assigned</li> <li>g. changes in the criteria for identifying the category to which the operating materials and supplies are assigned (SFFAS 3, par. 46, 49 &amp; 50; OMB Bull. 97-01, p. 58)</li> </ul>				
<p>122. Are excess, obsolete, and unserviceable operating materials valued at their estimated net realizable value? (SFFAS 3, par. 48)</p>				

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<b>Assets Stockpile Materials (123 - 133)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. Not included under this category are (a) items held for sale or use in normal operations, (b) items held for use in the event of an agency's operating emergency or contingency, and (c) price support and stabilization goods. (SFFAS 3, par. 51)				
123. Are stockpile materials recognized and reported as assets when acquired (i.e., recognized as assets using the consumption method)? (SFFAS 3, par. 52)				
124. Are stockpile materials valued using an acceptable historical cost flow method (i.e., FIFO, weighted average, moving average, or other equivalent method)? (SFFAS 3, par. 53)				
125. Does the cost of stockpile materials include all appropriate costs incurred in bringing the materials to their current condition and location? (SFFAS 3, par. 53)				
126. If stockpile materials have either suffered a permanent decline in value below cost or have become damaged or decayed, has their value been reduced to net realizable value? (SFFAS 3, par. 54)				
127. Is the resultant decline in value recognized as a loss or expense in the period in which it occurs? (SFFAS 3, par. 54)				

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<b>Assets Stockpile Materials (123 - 133)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
128. When stockpile materials are authorized to be sold, are those materials disclosed as stockpile materials held for sale? (SFFAS 3, par. 55)				
129. Are the stockpile materials authorized for sale valued using the same basis used before they were authorized for sale? (SFFAS 3, par. 55)				
130. Is any difference between the carrying amount of the stockpile materials held for sale and their estimated selling price disclosed? (SFFAS 3, par. 55)				
131. If stockpile materials are sold, is the cost removed from stockpile materials and reported as a cost of goods sold? (SFFAS 3, par. 55)				
132. Is any gain (or loss) from the sale of stockpile materials recognized as a gain (or loss) at that time? (SFFAS 3, par. 55)				

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<b>Assets Stockpile Materials (123 - 133)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
133. Does the entity disclose the following information about its stockpile materials?  a. general composition  b. basis for valuing stockpile materials, including valuation method and any cost flow assumptions  c. changes from prior year's accounting methods, if any  d. restrictions on the use of the material  e. balances in each category of stockpile material (i.e., stockpile materials held and held for sale)  f. criteria for grouping stockpile material as held for sale  g. any changes in criteria for categorizing stockpile materials as held for sale (SFFAS 3, par. 56; OMB Bull. 97-01, p. 58)				

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<b>Assets Seized Property (134 - 143)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Seized property includes monetary instruments, real property, and tangible personal property belonging to others in actual or constructive possession of a custodial agency. (SFFAS 3, par. 59)</p> <p>There may be as many as three government entities involved with seized property: (1) the seizing agency, (2) the custodial agency and (3) a “central fund” set up for financial record keeping. (SFFAS 3, par. 57)</p>				
134. If seized monetary assets are reported, is a corresponding liability also reported? (SFFAS 3, par. 61; and OMB Bull. 97-01, pp. 19)				
135. If the central fund is other than the seizing or custodial entity, does the custodial entity maintain sufficient internal records to carry out its stewardship responsibility? (SFFAS 3, par. 60)				
136. Does the custodial agency recognize seized monetary instruments as assets at their market values and set up corresponding liabilities? (SFFAS 3, par. 61 & 65)				
137. Is the existence of seized property other than monetary instruments disclosed in a note to the statements and accounted for in the entity's property management records? (SFFAS 3, par. 62)				

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<b>Assets Seized Property (134 - 143)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
138. Is seized property valued at its market value when seized (or as soon thereafter as reasonably possible if the market value cannot be readily determined)? (SFFAS 3, par. 63)				
139. Is the market value of seized property based on the value of the property assuming an active market exists for the property? (SFFAS 3, par. 63)				
140. If no active market exists for the property in the general area in which it was seized, is a value in the principle market nearest the place of seizure used? (SFFAS 3, par. 63)				
141. Is the valuation of property seized under the Internal Revenue Code based on the taxpayer's equity (market value less any third-party liens)? (SFFAS 3, par. 64)				
142. Does the entity disclose and present by type of seized property in its custody the following?  a. an explanation of what constitutes a seizure and a general description of the property  b. valuation method(s)  c. changes from prior years' accounting methods, if any and				

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<b>Assets Seized Property (134 - 143)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
143. continued d. analysis of change in seized property (including dollar value and number of seized properties) that are on hand at the beginning of the year, seized during the year, disposed of during the year, and on hand at the end of the year (SFFAS 3, par. 66; OMB Bull. 97-01, p. 59)				
143. Does the entity also disclose the method of disposal of seized property, if material? (SFFAS 3, par. 66; OMB Bull. 97-01, p. 59)				

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<b>Assets Forfeited property (144 - 151)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Forfeited property consists of (a) property acquired through forfeiture proceedings, (b) property acquired to satisfy a tax liability, and (c) unclaimed and abandoned merchandise. (SFFAS 3, par. 67 & 68)				
144. When a forfeiture judgment is obtained for seized monetary instruments:  a. Are they reclassified as forfeited monetary instruments at the current market value?  b. Is a revenue credit recognized in an amount equal to the value of the monetary asset?  c. Is the liability associated with the seized monetary instrument classification removed? (SFFAS 3, par. 69)				
145. When a forfeiture judgment is obtained for real, tangible, and intangible property:  a. Is the property recorded as an asset at its fair value at the time of forfeiture?  b. Is an allowance account (contra asset account) established for liens or claims from third party claimants against forfeited property?				

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<b>Assets Forfeited property (144 - 151)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>145. continued</p> <p>c. Is an offsetting deferred revenue credit recognized?</p> <p>d. Is revenue recognized upon sale and the merchandise and deferred revenue (referred to in “a” and “c” above) removed from the accounts? (SFFAS 3, par. 70, 72, 75, 76, &amp; 77; SFFAS 6, par. 33)</p>				
<p>146. Does the entity disclose the following information about forfeited property under its control — including forfeited property, which may be donated or destroyed but not booked as an asset or sold due to legal restrictions?</p> <p>a. composition of the property</p> <p>b. valuation method(s)</p> <p>c. changes from prior year’s accounting methods</p> <p>d. analysis of the changes in forfeited property by type and dollar amount that includes:</p> <p>i. number of forfeitures on hand at the beginning of the year</p> <p>ii. additions</p> <p>iii. disposals and method of disposition</p> <p>iv. end of the year balances</p>				

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<b>Assets Forfeited property (144 - 151)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>146. Continued</p> <p>e. restrictions on use or disposition of the property; and, if available</p> <p>f. estimates of the value of property to be distributed to other federal, state, and local agencies in future reporting periods? (SFFAS 3, par. 71 &amp; 78; OMB Bull. 97-01, p. 59)</p>				
<p>147. If the entity reclassifies forfeited property not held for sale to property held for donation or use:</p> <p>a. Is revenue recognized upon approval of distribution or use of property?</p> <p>b. Is the associated deferred revenue reversed on the books? (SFFAS 3, par. 73 &amp; 74)</p>				
<p>148. Is a distinction maintained in the entity's accounting reports between revenue arising from the sale of forfeited property and revenue arising from forfeited property being transferred, donated or placed into official use? (SFFAS 3, par. 75)</p>				

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<b>Assets Forfeited property (144 - 151)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
149. Is property acquired by the government in satisfaction of a taxpayer's liability recorded when title to the property passes to the federal government, and is a credit made to the related account receivable? (SFFAS 3, par. 76)				
150. Is the property forfeited in satisfaction of a taxpayer's liability valued at its market value less any third party liens? (SFFAS 3, par. 76)				
151. Upon sale of the forfeited property mentioned in the previous question, is revenue recognized in the amount of the sale proceeds, and are the property and third party liens removed from the accounts? (SFFAS 3, par. 76)				

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<b>Assets</b> <b>Goods Held Under</b> <b>Price Support</b> <b>and Stabilization Programs</b> <b>(152 - 165)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Goods acquired under price support and stabilization programs (i.e., commodities) are items of commerce or trade (usually farm commodities) having an exchange value. Producers of the goods</p> <ul style="list-style-type: none"> <li>a. are either given nonrecourse loans under which they can, at their option, repay the loan with interest or surrender their commodity pledged as collateral for the loan or</li> <li>b. may enter into purchase agreements that allow the producer of the option to sell commodities to the government (the Commodity Credit Corporation) at the price support rate. (SFFAS 3, par. 92, 93, &amp; 94)</li> </ul>				
<p>152. Are nonrecourse loans recognized as assets at face value when the loan principal is disbursed? (SFFAS 3, par. 96)</p>				
<p>153. Is interest accrued on nonrecourse loans? (SFFAS 3, par. 96)</p>				
<p>154. Is a valuation allowance set up to recognize losses on nonrecourse loans when it is “more likely than not” (i.e., more than a 50 percent chance) that loans will not be totally collected? (SFFAS 3, par. 102)</p>				
<p>155. Is this allowance reestimated on each financial reporting date? (SFFAS 3, par. 102)</p>				

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<b>Assets Goods Held Under Price Support and Stabilization Programs (152 - 165)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>156. When the entity has entered into a purchase agreement and there is an expected loss:</p> <p>a. Is a loss (i.e., the difference between the contract price and the net realizable value of the commodities) recognized if it is probable that a loss has been incurred and is reasonably measurable?</p> <p>b. Is a corresponding liability recognized? (SFFAS 3, par. 97 &amp; 103)</p>				
<p>157. If the contingent loss arising from a purchase agreement is not recognized because it is less than probable or is not reasonably measurable, is the contingent loss disclosed if it is at least “reasonably possible that a loss may occur”? (SFFAS 3, par. 98)</p>				
<p>158. When commodities are acquired to satisfy a nonrecourse loan or purchase agreement, are they recognized and reported as assets at the lower of cost or net realizable value? (SFFAS 3, par. 99 &amp; 104)</p>				

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<b>Assets Goods Held Under Price Support and Stabilization Programs (152 - 165)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>159. Does the cost for the commodities acquired through a nonrecourse loan settlement include the following amounts?</p> <ul style="list-style-type: none"> <li>a. loan principal (excluding interest)</li> <li>b. processing and packaging costs incurred after acquisition</li> <li>c. other costs (e.g., transportation) incurred in taking title to the commodity (SFFAS 3, par. 105)</li> </ul>				
<p>160. Does the cost for commodities acquired though a purchase agreement include the following amounts?</p> <ul style="list-style-type: none"> <li>a. the unit price agreed upon in the purchase agreement multiplied by the number of units purchased</li> <li>b. other costs incurred in taking title to the commodity (SFFAS 3, par. 106)</li> </ul>				
<p>161. Is any adjustment necessary to reduce the carrying amount of the acquired commodities to the lower of cost or net realizable value recognized as a loss in the current period and recorded in a commodity valuation allowance? (SFFAS 3, par. 99 &amp; 107)</p>				

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<b>Assets Goods Held Under Price Support and Stabilization Programs (152 - 165)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>162. Conversely, are recoveries of previously recorded losses in the current period recognized up to the point of any previously recognized losses on the commodities, and is the commodity valuation allowance reduced accordingly? (SFFAS 3, par. 107)</p>				
<p>163. When commodities acquired to satisfy the terms of a nonrecourse loan or purchase agreement are sold:</p> <p>a. Are revenues recognized?</p> <p>b. Is the carrying amount of the commodities removed from the asset account and reported as a cost of goods sold? (SFFAS 3, par. 100)</p>				
<p>164. When commodities are held for purposes other than sale, is the carrying amount reported as an expense and removed from the commodity asset account upon transfer? (SFFAS 3, par. 101)</p>				

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<b>Assets Goods Held Under Price Support and Stabilization Programs (152 - 165)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
165. Is the following information related to goods held under price support and stabilization programs disclosed?  a. basis for valuing commodities including valuation method and cost flow assumptions (e.g., FIFO, weighted average)  b. changes from prior-year's accounting methods  c. restrictions on the use, disposal, or sale of commodities  d. analysis of the changes in dollar amount and volume of commodities, including those  i. on hand at the beginning of the year  ii. acquired during the year  iii. disposed of during the year by method of disposition  iv. on hand at the end of the year  v. on hand at year's end and estimated to be donated or transferred during the coming period				

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<b>Assets Goods Held Under Price Support and Stabilization Programs (152 - 165)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
165. (continued)  d.  vi. that may be received as a result of surrender of collateral related to nonrecourse loans outstanding  vii. dollar value and volume of purchase agreement commitments (SFFAS 3, par. 108 & 109; OMB Bull. 97-01, p. 60)				

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<b>Assets</b> <b>General Property/Plant/Equipment</b> <b>(Net)</b> <b>(166 – 197)</b>	Y	N	N/A	Explanation
General property, plant, and equipment are any property, plant, and equipment used in providing goods and services. (SFFAS 6, par. 23; and OMB Bull. 97-01, p. 20)				
166. Has the entity established, disclosed, and consistently followed appropriate capitalization thresholds for property, plant, and equipment (PP&E) suitable to its financial and operational conditions? (SFFAS 6, par. 13, 148, & 149)				
167. Does the entity follow a policy that ensures that its PP&E consists of tangible assets that meet the following criteria? a. estimated useful lives of 2 years or more b. not intended for sale in the ordinary course of operations c. acquired or constructed with the intention of being used or being available for use by the entity (SFFAS 6, par. 17)				
168. Does PP&E also consist of the following items? a. assets acquired through capital leases b. property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, federal contractors) c. land rights (SFFAS 6, par. 18 & 20)				
Capital leases are leases that transfer substantially all the benefits and risks of ownership to the lessee. Operating leases are leases in which the federal entity does not assume the risks of ownership of PP&E. Multiyear service contracts and multiyear purchase agreements for expendable commodities are not capital leases. (SFFAS 6, par. 20, footnote 22; SFFAS 5, par. 43)				

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<b>Assets</b> <b>General Property/Plant/Equipment</b> <b>(Net)</b> <b>(166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>169. Does the entity classify a lease as a capital lease if at its inception the lease meets one or more of the following criteria?</p> <ul style="list-style-type: none"> <li>a. The lease transfers ownership of the property to the lessee by the end of the lease term.</li> <li>b. The lease contains an option to purchase the leased property at a bargain price.</li> <li>c. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property.</li> <li>d. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property. (SFFAS 6, par. 20; SFFAS 5 par. 43)</li> </ul>				

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<b>Assets General Property/Plant/Equipment (Net) (166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
170. Does the general PP&E asset line item exclude the following items?  a. items held in anticipation of physical consumption such as operating materials and supplies  b. items the federal entity has a reversionary interest in  c. national defense PP&E  d. heritage assets (except multiuse heritage assets <sup>6</sup> )  e. stewardship land (i.e., land not included in general PP&E) (SFFAS 6, par. 19, 21, & 150; SFFAS 11, par. 7; OMB Bull. 97-01, p. 20)				
171. In determining the level at which the entity categorizes its PP&E, has the entity considered the following factors?  a. the cost of maintaining different accounting methods for property and the usefulness of the information  b. the diversity of the PP&E (e.g., useful lives, value, alternative uses)  c. the future disposition of the PP&E  d. the programs being served by the PP&E (SFFAS 6, par. 22)				

<sup>6</sup> Multiuse heritage assets are heritage assets used in general government operations (e.g., buildings such as the Library of Congress).

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<b>Assets</b> <b>General Property/Plant/Equipment</b> <b>(Net)</b> <b>(166 - 197)</b>	Y	N	N/A	Explanation
<p>172. Does the entity categorize an asset under general PP&amp;E if it has one or more of the following characteristics?</p> <p>a. It could be used for alternative purposes (e.g., by other federal programs, state or local governments, or nongovernmental entities) but is used to produce goods or services or to support the mission of the entity.</p> <p>b. It is used for business-type activities.</p> <p>c. It is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., federal hospital services in comparison to other hospitals). (SFFAS 6, par. 23; OMB Bull. 97-01, p. 20)</p>				
<p>173. Is PP&amp;E of entities operating as business-type activities categorized as general PP&amp;E whether or not it meets the definition of other PP&amp;E categories (e.g., heritage assets)? (SFFAS 6, par. 24; OMB Bull. 97-01, p. 20)</p>				
<p>174. Are land and land rights specifically acquired for or in connection with general PP&amp;E included in general PP&amp;E? (SFFAS 6, par. 25; OMB Bull. 97-01, p. 20)</p>				
<p>175. Is all general PP&amp;E recorded at cost? (SFFAS 6, par. 26)</p>				

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<b>Assets</b> <b>General Property/Plant/Equipment</b> <b>(Net)</b> <b>(166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>176. Does the cost of general PP&amp;E include the following amounts?</p> <ul style="list-style-type: none"> <li>a. amounts paid to vendors</li> <li>b. transportation charges to the point of initial use</li> <li>c. handling and storage costs</li> <li>d. labor and other direct or indirect production costs (for assets produced or constructed)</li> <li>e. costs of engineering, architectural, and other outside services for designs, plans, specifications, and surveys</li> <li>f. acquisition and preparation costs of buildings and other facilities</li> <li>g. an appropriate share of the cost of the equipment and facilities used in construction work</li> <li>h. fixed equipment and related installation costs required for activities in a building or facility</li> <li>i. direct costs of inspection, supervision, and administration of construction contracts and construction work</li> <li>j. legal and recording fees and damage claims</li> <li>k. fair value of facilities and equipment donated to the government</li> <li>l. material amounts of interest costs paid (SFFAS 6, par. 26)</li> </ul>				

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<b>Assets General Property/Plant/Equipment (Net) (166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
177. Is the recognized cost of general PP&E acquired under a capital lease the lower of either the fair value of the asset or liability for the capital lease at its inception? (SFFAS 6, par. 29)				
178. Is the cost of general PP&E acquired through donation, will, or judicial process, excluding forfeiture, capitalized at estimated fair value at the time acquired by the government? (SFFAS 6, par. 30)				
179. Is general PP&E transferred from other federal entities capitalized at the book value recorded by the transferring entity? (SFFAS 6, par. 31)				
180. Is the asset capitalized at the fair value at the time of the transfer from another federal entity if the receiving entity cannot reasonably ascertain the book value of the PP&E transferred? (SFFAS 6, par. 31)				
181. If general PP&E is acquired through exchange with a nonfederal entity is it capitalized at the fair value of the PP&E surrendered at the time of the exchange? (SFFAS 6, par. 32)				

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<b>Assets</b> <b>General Property/Plant/Equipment</b> <b>(Net)</b> <b>(166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
182. If, however, the fair value of the PP&E acquired through exchange is more readily determinable than that of the PP&E surrendered, is the acquired general PP&E capitalized at its fair value? (SFFAS 6, par. 32)				
183. If the fair values of the exchanged PP&E are not determinable, is the acquired general PP&E capitalized at the book value of the PP&E surrendered? (SFFAS 6, par. 32)				
184. If cash is included in an exchange of general PP&E, is the cost of PP&E acquired increased or decreased, respectively, by the amount of cash surrendered or received? (SFFAS 6, par. 32)				
185. Is PP&E recognized when title passes to the acquiring entity or when PP&E is delivered to the entity or to an agent of the entity? (SFFAS 6, par. 34)				
186. If general PP&E is under construction, is it recorded as construction work in process until it is placed into service? (SFFAS 6, par. 34)				
187. Do estimates of useful life of general PP&E consider such factors as physical wear and tear and technological change? (SFFAS 6, par. 35)				

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<b>Assets General Property/Plant/Equipment (Net) (166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
188. Except for land and land rights of unlimited duration, is general PP&E less its estimated salvage/residual value depreciated in a rational and systematic manner over its estimated useful life? (SFFAS 6, par. 35, 122, & 136; OMB Bull. 97-01, p. 20)				
189. Are changes in estimated useful life or salvage and residual value of general PP&E accounted for in the period of change and future periods? (SFFAS 6, par. 35)				
190. Are depreciation and amortization expenses accumulated in contra asset accounts? (SFFAS 6, par. 36)				
191. Are costs that either extend the useful life of existing general PP&E or enlarge or improve its capacity capitalized and depreciated/amortized over the remaining useful life of the asset? (SFFAS 6, par. 37)				
192. When general PP&E is disposed of, retired, or removed from service is the asset removed from the asset accounts along with the associated accumulated depreciation/amortization? (SFFAS 6, par. 38)				

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<b>Assets General Property/Plant/Equipment (Net) (166 – 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
193. Are the differences between the book value and the amounts realized from retired or disposed general PP&E recognized as an immediate gain or loss? (SFFAS 6, par. 38)				
194. If prior to disposal, retirement, or removal from service, a general PP&E asset no longer provides service in the operations of the entity:  a. Is it removed from the corresponding asset and contra asset accounts?  b. Is its net realizable value recorded in an appropriate asset account?  c. Is the difference between its book value and net realizable value recorded as a current period gain or loss? (SFFAS 6, par. 39)				
195. If historical cost information for existing general PP&E has not been maintained, are cost estimates based on either of the following costs?  a. the cost of similar assets at the time of acquisition  b. the current cost of similar assets discounted for inflation since the time of acquisition (SFFAS 6, par. 40)				

<b>Assets</b> <b>General Property/Plant/Equipment</b> <b>(Net)</b> <b>(166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>196. If general PP&amp;E would have been substantially depreciated or amortized had it been recorded upon acquisition, does the entity weigh materiality and cost-benefit in considering either of the following alternatives?</p> <p>a. Record only improvements made during the period beyond the initial expected useful life of general PP&amp;E.</p> <p>b. Make an aggregate entry for whole classes of PP&amp;E (e.g., entire facilities rather than a building-by-building estimate). (SFFAS 6, par. 42)</p>				

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<b>Assets</b> <b>General Property/Plant/Equipment</b> <b>(Net)</b> <b>(166 - 197)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>197. Does the entity make the following minimum disclosures about its general PP&amp;E?</p> <ul style="list-style-type: none"> <li>a. the cost, associated accumulated depreciation, and book value by major class (e.g., building and structures, fixtures, equipment)</li> <li>b. the estimated useful lives for each major class</li> <li>c. the method(s) of depreciation for each major class</li> <li>d. capitalization threshold(s) including any changes in thresholds(s) during the period</li> <li>e. restrictions on the use or convertibility of general PP&amp;E</li> <li>f. in the period in which SFFAS 6 standards are implemented, adjustments to the PP&amp;E and related contra asset accounts by major class (e.g., buildings, equipment, and vehicles) (SFFAS 6, par. 44 &amp; 45; OMB Bull. 97-01, p. 60, note 9)</li> </ul>				

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<b>Assets Software (198 – 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Software includes the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program.</p> <p>“Internal use software” is software that is purchased from commercial vendors “off the shelf,” internally developed, or contractor-developed solely to meet the entity’s internal or operational needs. (SFFAS 10, par. 8)</p>				
198. Does the entity capitalize the cost of software when such software meets the following criteria? a. specifically identifiable b. determinate life of 2 years or more c. not intended for sale in the ordinary course of operations d. acquired or constructed with the intention of being used by the entity e. meets the criteria for general property, plant, and equipment <sup>7</sup> (SFFAS 10, par. 15, 38, & 48)				
199. Are capitalized software costs reported separately if the following criteria apply? a. The costs are intended primarily to be recovered through user charges. b. The feasibility has been proven. (OMB 97-01, p. 20)				

<sup>7</sup> General property, plant, and equipment are defined in SFFAS 6, par. 23 – 25.

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<b>Assets Software (198 – 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
200. Does the capitalized development cost of internally developed software include the full cost (i.e., direct and indirect cost) incurred during the software development stage? (SFFAS 10, par. 16)				
201. Are capitalized software development costs limited to costs incurred after the following steps have been taken?  a. Management authorizes and commits to a computer software project and believes that it is more likely than not that the project will be completed and the software will be used to perform the intended function with an estimated service life of 2 years or more.  b. The conceptual formulation, design, and testing of possible software project alternatives (i.e. preliminary design stage) have been completed. (SFFAS 10, par. 11, 12, 16, 45, 62, & 64)				
202. Do software capitalization costs include those for new software <sup>8</sup> and documentation manuals? SFFAS 10, par. 17, 60, & 61)				
203. Do the capitalized costs for commercial off-the-shelf (COTS) software include the amount paid to the vendor? (SFFAS 10, par. 18)				

<sup>8</sup> For example: salaries of programmers, systems analysts, project managers, and administrative personnel; associated employee benefits; outside consultants' fees; rent; and supplies.

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<b>Assets Software (198 - 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
204. Do the capitalized costs for contractor-developed software include the amount paid to a contractor to design, program, install, and implement the software? (SFFAS 10, par. 18)				
205. Does the entity capitalize material internal costs incurred to implement the COTS or contractor-developed software and otherwise make it ready for use? (SFFAS 10, par. 18)				
206. Does the entity expense all data conversion costs, including the cost to develop or obtain the relevant software, related to internally developed, contractor-developed, or COTS software? (SFFAS 10, par. 14, 19, & 69)				
207. Does the entity expense costs (e.g., ongoing training for users, preventive maintenance) incurred after the completion of final acceptance testing? (SFFAS 10, par. 14 & 20)				
208. Does the entity treat software that serves both internal uses and stewardship purposes (e.g., a global positioning system) as internal use software and capitalize it to the extent such software meets criteria for general PP&E? (SFFAS 10, par. 15 & 21)				

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<b>Assets Software (198 - 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
209. Is computer software that is integrated into general PP&E and necessary to operate it, rather than perform an application, considered part of the PP&E of which it is an integral part, and is it capitalized and depreciated accordingly? (SFFAS 10, par. 22)				
210. If the entity purchased software as part of a package of products and services, does it use a reasonable estimate in allocating the cost difference between capitalizable and noncapitalizable (i.e., expense) elements? (SFFAS 10, par. 23)				
211. Does the entity expense such software costs that are not susceptible to allocation between maintenance and relatively minor enhancements? (SFFAS 10, par. 23)				
212. Has the entity established realistic and defensible capitalization thresholds for its internal-use software including bulk purchases of software programs and modules or components of a total software system? (SFFAS 10, par. 24 & 68)				
213. Does the entity capitalize the acquisition cost of enhancements to existing internal-use software, as well as related modules, when it is more likely than not that they will result in significant additional capabilities? (SFFAS 10, par. 25, 42, 43, & 73)				

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<b>Assets Software (198 - 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
214. Does the entity expense the cost of minor enhancements resulting from ongoing systems maintenance as well as the purchase of enhanced versions of software for a minimal charge? (SFFAS 10, par. 26 & 73)				
215. Are material expenditures to add capability and functionality to computer software capitalized? (SFFAS 10, par. 27)				
216. If the expensed repair or upgrades of computer software extends its useful life, is the amortization period adjusted? (SFFAS 10, par. 27, 42, & 43)				
217. Does the entity recognize a loss upon impairment of computer software if either of these conditions apply?  a. The software is no longer expected to provide substantive service potential and will be removed from service.  b. A significant reduction occurs in the capabilities functions of the software (or module thereof). (SFFAS 10, par. 28, 29, 30, 75 & 76)				

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<b>Assets Software (198 - 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
218. If the impaired software is to remain in use, is the loss due to impairment measured as the difference between the book value and either of the following amounts?  a. the cost to acquire software that would perform similar remaining functions (i.e., unimpaired functions)  b. the portion of book value attributable to the remaining functional elements of the software (SFFAS 10, par. 29)				
219. If the loss due to impairment cannot be determined, is the book value of the software amortized over the remaining useful life of the software? (SFFAS 10, par. 29)				
220. If impaired software is to be removed from use, is the loss due to impairment measured as the difference between the book value and net realizable value (NRV)? (SFFAS 10, par. 30 & 44)				
221. Does the entity transfer the NRV, if any, to an appropriate asset account until such time as the software is disposed of and the NRV realized? (SFFAS 10, par. 30)				

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<b>Assets Software (198 - 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
222. If the entity's managers conclude that, "more likely than not," developmental software (or a module thereof) will not be completed and placed in service, is the accumulated book value (or the balance in a work-in-process account, if applicable) reduced to reflect the expected NRV and recognized as a loss? (SFFAS 10, par. 31)				
223. Does the entity amortize capitalized software in a systematic and rational manner over the estimated useful life of the software? (SFFAS 10, par. 32 & 70)				
224. Does amortization of capitalized software not begin until successful completion of testing? (SFFAS 10, par. 33, 41, & 71)				
225. If the use of software is dependent on the completion of another or other software module(s), does the amortization not begin until the complementary module(s) have successfully completed testing? (SFFAS 10, par. 33)				
226. Are additions to the book value or changes in useful life of capitalized software treated prospectively (i.e., during the period of change and future periods only) when the software is amortized? (SFFAS 10, par. 34)				

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<b>Assets Software (198 - 228)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
227. When the entity replaces existing internal-use software with new software, is the unamortized cost of the old software expensed when the new software has successfully completed testing? (SFFAS 10, par. 34)				
228. Does the entity disclose, if material, the following information regarding its capitalized software?  a. the cost, associated amortization, and book value  b. the estimated useful life for each major class of software  c. the method(s) of amortization (SFFAS 10, par. 35; SFFAS 6, par. 45)				

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Assets Other Assets (229 – 241)	Y	N	N/A	Explanation
229. Do other assets include assets not reported in a separate category in the face of the balance sheet? (OMB 97-01 p. 18 & M-00-05, Jan.7, 2000)				
230. Are other assets listed and described in a note to the financial statements and broken out by homogenous groups within the major categories of assets (i.e., entity versus nonentity, and intragovernmental versus other entity assets)? (OMB Bull. 97-01, p. 46, note 6)				
Advances are cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover the recipient's anticipated expenses or as advance payments for the costs of goods and services acquired by an entity. (SFFAS 1, par. 57) Prepayments are payments made by a federal entity to cover certain periodic expenses before those expenses are incurred (SFFAS 1, par. 58)				
231. Are advances and prepayments recorded as assets and disclosed in the notes? (SFFAS 1, par. 59; OMB Bull. 97-01, p. 18)				
232. Are amounts of advances or prepayments — remaining after related goods or services have been received, contract terms have been met, progress payments have been made, or prepaid expenses have expired — transferred to accounts receivable? (SFFAS 1, par. 59)				

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<b>Assets Other Assets (229 - 241)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
233. Are advances and prepayments that are made to federal entities accounted for and reported separately from those made to nonfederal entities? (SFFAS 1, par. 61)				
234. Are advances and prepayments paid out reported separately (i.e., not netted) from advances and prepayments received? (SFFAS 1, par. 60)				
Property, plant, and equipment are classified as heritage assets if they have (1) historical or natural significance; (2) cultural, educational, or artistic importance; or (3) significant architectural characteristics. (SFFAS 6, par. 57)				
235. If the predominant use is in general government operations (e.g., main U.S. Treasury building, which is a heritage asset used as an office building), is acquisition, betterment, or reconstruction of all multiuse heritage assets capitalized as general PP&E and depreciated over the useful life of the assets? (SFFAS 16, par. 6 & 9; OMB Bull. 97-01, p. 20)				
236. Does the entity also include a footnote disclosure explaining that “physical quantity” information for the multiuse heritage assets is included in supplemental stewardship reporting for heritage assets? (SFFAS 16, par. 9)				
237. Are multiuse heritage assets acquired through donation or devise recognized as general PP&E at the assets’ fair value? (SFFAS 16, par. 11)				

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<b>Assets Other Assets (229 – 241)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
238. Is the fair value amount of such assets acquired through donation or devise recognized as “nonexchange revenue,” as defined in SFFAS No. 7 in the Statement of Change in Net Position? (SFFAS No. 16, par. 11)				
Land is defined as the solid part of the surface of the earth. Excluded from the definition of land are depletable resources, such as timber, and other continental shelf resources. (SFFAS 6, par. 66 & 67)				
239. Are land and land rights owned by the federal government, except those acquired for or in connection with general PP&E, referred to as stewardship land in the entity's annual report? (SFFAS 6, par. 68, 137 & 228)				
240. Are significant structures that have been acquired with stewardship land and have a significant operating use treated as general PP&E (i.e., capitalized and depreciated) if used in operations? (SFFAS 6, par. 70 & 232)				

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<b>Assets Other Assets (229 – 241)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
241. Is the cost of a structure acquired with stewardship land that is to be used in operations included in the acquisition cost of the land if one of the following apply?  a. The structure's value is insignificant compared to the value of the land.  b. The structure has little or no inherent value.  c. The structure is merely a byproduct of the acquisition of the land. (SFFAS 6, par. 70 & 232)				

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<b>Liabilities</b> <b>Liabilities in General</b> <b>(242 - 243)</b>	Y	N	N/A	Explanation
<p>Liabilities of federal agencies are reported under two major categories: (1) liabilities covered by budgetary resources and (2) liabilities not covered by budgetary resources. Within each of these two categories, liabilities are classified as (1) intragovernmental liabilities, which are amounts borrowed from other federal entities or (2) governmental liabilities, which are amounts owed to nonfederal entities by the federal government or an entity within the federal government. (SFFAS 1, par. 21; OMB Bull. 97-01, pp. 15 &amp; 21)</p> <p>A liability for federal accounting purposes is a probable and measurable future outflow or other sacrifice of resources as a result of past transactions or events. (SFFAS 5, par. 19, 20, &amp; 21; OMB Bull. 97-01, p. 21)</p> <p>Probable refers to that which can reasonably be expected or is believed to be more likely than not on the basis of available evidence or logic. However, in the context of assessing the outcome of matters of pending or threatened litigation and unasserted claims and recognizing an associated liability, "probable" refers to that which is likely, not to that which is "more likely than not." (SFFAS 5, par. 33; SFFAS 12, par. 10)</p> <p>Measurable refers to that which can be quantified in monetary units with sufficient reliability to be reasonably estimable. (SFFAS 5, par. 34)</p>				
242. Are liabilities recognized when incurred regardless of whether they are covered by available budgetary resources (including those liabilities related to appropriations cancelled under "M" account legislation)? (OMB Bull. 97-01, p. 21)				

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<b>Liabilities Liabilities in General (242 - 243)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
243. Does the federal entity recognize a liability for probable and measurable future outflows or other sacrifices of resources arising from one or more of the following events?  a. past exchange transactions  b. government-related events, such as government-caused damages  c. government-acknowledged events, such as natural disasters, for which the government has taken formal responsibility for the related costs  d. nonexchange transactions, such as entitlements (SFFAS 5, par. 19 - 34; OMB Bull. 97-01, p. 21)				

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<b>Liabilities Interest Payable (244 – 251)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Accounts payable are amounts owed by a federal entity for goods and services received from, progress in contract performance made by, and rents due to other entities. (SFFAS 1, par. 74; OMB Bull. 97-01, p. 21)				
244. Do accounts payable exclude amounts related to ongoing continuous expenses such as salary and related benefits expense, which are classified as other current liabilities? (SFFAS 1, par. 75)				
245. Are accounts payable owed to other federal agencies reported separately from those owed to the public? (SFFAS 1, par. 76; OMB Bull. 97-01, pp. 15 & 21)				
246. When an entity accepts title to goods, whether the goods are delivered or in transit, does the entity recognize a liability for the unpaid cost of goods? (SFFAS 1, par. 77)				
247. If invoices for goods, for which the entity has accepted the title, are not available, does the entity estimate the amount owed? (SFFAS 1, par. 77)				

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<b>Liabilities Interest Payable (244 – 251)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
248. For facilities or equipment constructed or manufactured by contractors or grantees according to agreements or contract specifications, are amounts recorded as payable based on an estimate of work completed under the contract or the agreement in accordance with the federal entity's engineering and management evaluation of actual performance progress and incurred costs? (SFFAS 1, par. 78 & 79)				
249. Are accounts payable covered by budgetary resources separately reported from those not covered by budgetary resources? (SFFAS 1, par. 80; OMB Bull. 97-01, pp. 15 & 21)				
250. Is interest incurred but unpaid on liabilities and late payments and refunds recognized as interest payable and reported as a liability at the end of each period? (SFFAS 1, par. 81; OMB Bull. 97-01, p. 21)				
251. Is interest payable to federal entities reported separately from interest payable to the public? (SFFAS 1, par. 82)				

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<b>Liabilities</b> <b>Liabilities for Loan Guarantees</b> <b>(252 – 265)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>A loan guarantee is any guarantee, insurance (but not deposit insurance), or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a nonfederal borrower to a nonfederal lender. (SFFAS 2, app. C)</p> <p>The Federal Credit Reform Act of 1990 requires federal entities to estimate and budget for the costs arising from default of guaranteed loans made after fiscal year (FY) 1991 (i.e., post 1991). (SFFAS 2, par. 7; OMB 97-01, p. 53)</p>				
252. Is the present value of estimated net cash outflows from post-1991 (i.e. committed after September 30, 1991) loan guarantees recognized as a liability? (SFFAS 2, par. 7 & 23)				
253. Does the entity disclose by loan program the face value of guaranteed loans outstanding and the amount of outstanding principal guaranteed? (SFFAS 2, par. 23; OMB Bull. 97-01, p. 49, note 7, item F, p. 53)				
254. Does the entity disclose by loan program the estimated liabilities <sup>9</sup> arising from post-1991 loan guarantees? (OMB Bull. 97-01, p. 50, note 7, item G & p. 55, item G)				

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<sup>9</sup> That is, the present value of the estimated net cash flows (outflows less inflows to be paid by the entity arising from loan guarantees).

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<b>Liabilities</b> <b>Liabilities for Loan Guarantees</b> <b>(252 – 265)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
255. Is a liability for a pre-1992 (i.e., committed before October 1, 1991) loan guarantee recognized when it is more likely than not that the loan guarantee will require a future cash outflow to pay a default claim? (SFFAS 2, par. 39 & app. B, part IV A)				
256. Is the face value of pre-1992 guaranteed loans outstanding and related liability broken out by loan program and disclosed in a note to the financial statements? (OMB Bull. 97-01, note 7, items A & G; pp. 47, 50, 53, item A; & p. 55, item G)				
257. Are the liabilities for the pre-1992 loan guarantees reestimated each year as of the date of the financial statements? (SFFAS 2, par. 39)				
258. Does the entity disclose by loan program whether pre-1992 loan guarantees are reported on a present-value basis <sup>10</sup> or under the allowance-for-loss method <sup>11</sup> ? (OMB Bull. 97-01, p. 50 items, G1 & G2; p. 53, item A; & p. 55, item G)				

<sup>10</sup> Under the present value method, the liability for loan guarantees is the present value of the expected net cash outflows due to the loan guarantees.

<sup>11</sup> Under the allowance-for-loss method, the liability for loan guarantees is the amount the agency estimates will more likely than not require future cash outflow to pay default claims.

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<b>Liabilities</b> <b>Liabilities for Loan Guarantees</b> <b>(252 – 265)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
259. When the total loan guarantee liability for all of the credit programs is negative, is this reported as an asset? (OMB Bull. 97-01, p. 22)				
260. However, if a loan guarantee liability is the result of both positive and negative amounts of the various components, is the total shown as a liability, and are the negative components (of the loan guarantee liability) disclosed? (OMB Bull. 97-01, p. 22)				
<p>A “modification” is a federal government action, including new legislation or administrative action, that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans or the liability of loan guarantees. (SFFAS 2, par. 41)</p> <p>Direct modifications are actions that change the subsidy cost by altering the terms of existing contracts or by selling loan assets. (SFFAS 2, par. 42)</p> <p>Indirect modifications are actions that change the subsidy cost by legislation that alters the way in which an outstanding portfolio of direct loans or guarantees is administered. (SFFAS 2, par. 43)</p>				
261. When post-1991 loan guarantees are modified, is the existing book value of the related liability changed to an amount equal to the present value <sup>12</sup> of net cash outflows that are projected under the modified terms from the time of the modification to the loan’s maturity? (SFFAS 2, par. 50 & app. B, part III D(4))				

<sup>12</sup> That is, discounted at the Treasury rate in effect when the guaranteed loans were first disbursed.

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<b>Liabilities</b> <b>Liabilities for Loan Guarantees</b> <b>(252 – 265)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>262. When pre-1992 loan guarantees are directly modified:</p> <p>a. Are they transferred from the liquidating account to a financing account?</p> <p>b. Is the existing book value of the liability of the modified loan guarantees changed to an amount equal to their post-modification liability (i.e., the present value of the net cash outflows under post-modification terms discounted at the current Treasury rate)? (SFFAS 2, par. 51 &amp; app. B, part IV B(4))</p>				
<p>263. If pre-1992 loan guarantees are indirectly modified:</p> <p>a. Are they kept in a liquidating account?</p> <p>b. Is the related liability reassessed and adjusted to reflect any change in the liability resulting from the modification? (SFFAS 2, par. 51)</p>				
<p>264. Are subsequent modifications of pre-1992 loan guarantees treated as a modification of post-1991 loan guarantees? (SFFAS 2, par. 51)</p>				

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<b>Liabilities</b> <b>Liabilities for Loan Guarantees</b> <b>(252 – 265)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
265. If a post-1991 or pre-1992 loan is sold with a recourse provision, is the present value (discounted at the Treasury rate in effect at the time of the sale) of the estimated losses recognized as a subsidy expense and loan guarantee liability? (SFFAS 2, par. 53 & 54 & app. B, part I F(3))				

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<b>Liabilities</b> <b>Lease Liabilities</b> <b>(266 – 269)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Capital leases are leases that transfer substantially all of the benefits and risks of ownership to the lessee. (SFFAS 5, par. 43)				
266. Is the amount recorded by the lessee as a liability under a capital lease arrangement the lesser of the following amounts?  a. the present value of rental and other minimum lease payments (excluding executory costs) during the lease term  b. the fair value <sup>13</sup> of the property at the inception of the lease (SFFAS 5, par. 43 & 44)				
267. Does the entity use the applicable Treasury borrowing rate to determine the interest rate charged on a capital lease unless the following apply?  a. It is practicable for the lessee to learn the implicit rate computed by the lessor.  b. The implicit rate is less than the Treasury borrowing rate. (SFFAS 5, par. 45)				
268. During the lease term is each minimum payment allocated between a reduction of the obligation and interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability? (SFFAS 5, par. 46)				

<sup>13</sup> Fair value is the price for which an asset could be bought or sold in an arm's-length transaction between unrelated parties. Roman L. Well and Patrick C. O'Brien, Accounting: The Language of Business, 9th ed. (Sun Lakes, Arizona: Thomas Horton and Daughters, 1994).

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<b>Liabilities</b> <b>Lease Liabilities</b> <b>(266 – 269)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>269. Does the entity disclose in a note to the statements the following information about its capital leases?</p> <ul style="list-style-type: none"> <li>a. gross amounts of assets under capital lease by major asset category</li> <li>b. a description of the lease arrangements, for example: future funding commitments, lease terms, renewal options, escalation clauses, restrictions, and amortization periods</li> <li>c. future payments due, by major asset category, and deductions for imputed interest and executory costs for all noncancelable leases with terms longer than 1 year</li> <li>d. a breakout of portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources (OMB Bull. 97-01, note 12, pp. 65 &amp; 67)</li> </ul>				

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<b>Liabilities</b> <b>Federal Debt and Related Interest</b> <b>(270 - 281)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Debts are amounts borrowed from the Treasury, the Federal Financing Bank, other Federal Agencies, or the public under general or special financing authority such as Treasury bills, notes, and bonds and FHA debentures. (OMB Bull. 97-01, p. 22)				
270. Does the entity accounting for federal debt identify the amount of the outstanding debt liability at any given time and the related interest cost for each accounting period? (SFFAS 5, par. 48)				
271. Are fixed value securities with known redemption or maturity amounts valued at their original face (par) value net of any unamortized discount or premium? (SFFAS 5, par. 50)				
<p>The straight-line method for amortizing a bond premium or discount reduces it in equal amounts over the life of the bond. (A.N. Mosch and E. John Larsen, Intermediate Accounting McGraw-Hill Book Company, fifth edition 1982, p. 612)</p> <p>The interest method for amortizing a bond premium or discount reduces it by the difference between the effective interest and stated interest on the bond. (SFFAS 1, app. B)</p>				
272. Is either the straight line or interest method of discount or premium amortization used if the following conditions are met? <ul style="list-style-type: none"> <li>a. The short-term securities have a maturity of 1 year or less.</li> <li>b. In the case of longer-term securities, the difference between the amount of amortization under the interest and straight-line methods is immaterial. (SFFAS 5, par. 50)</li> </ul>				

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<b>Liabilities Federal Debt and Related Interest (270 – 281)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
273. Is the interest method used for amortizing any discount or premium if the conditions listed in the previous question are not met? (SFFAS 5, par. 51)				
274. If the entity has issued variable value securities of unknown redemption or maturity values, are they appraised at their original value and periodically revalued on the basis of the regulations or offering language? (SFFAS 5, par. 52)				
275. Are old currencies issued by the federal government and not yet redeemed or written off identified as a federal debt liability at face value? (SFFAS 5, par. 55)				
276. Are the beginning balance, net borrowing, and ending balances of debt disclosed? (SFFAS 5, par. 48; OMB Bull. 97-01, note 10, p. 61)				

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<b>Liabilities Federal Debt and Related Interest (270 – 281)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>277. Are the following categories of debt disclosed?</p> <ul style="list-style-type: none"> <li>a. total public debt (reported by the Treasury Department only) broken out by debt</li> <li>b. total agency debt issued under special financing authority (e.g., FHA debentures and TVA bonds) broken out by debt held by the government accounts and debt held by the public</li> <li>c. other debt broken out by debt owed to the Treasury, debt owed to the Federal Financing Bank, and debt owed to other Federal agencies (OMB Bull. 97-01, note 10, pp. 61 &amp; 62)</li> </ul>				
<p>278. Is all debt owed to Treasury, the Federal Financing Bank, or other Federal agencies reported under intragovernmental liabilities and disclosed as intragovernmental debt? (OMB Bull. 97-01, p. 15 &amp; note 10, pp. 61 &amp; 62)</p>				
<p>279. Is all debt owed to the public reported and disclosed as such? (OMB Bull. 97-01, p. 15 &amp; note 10, pp. 61 &amp; 62)</p>				
<p>280. Are the names of the agencies disclosed, other than Treasury or Federal Financing Bank, to which intragovernmental debt is owed, and are the amounts disclosed? (OMB Bull. 97-01, note 10, p. 62)</p>				

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<b>Liabilities</b> <b>Federal Debt and Related Interest</b> <b>(270 – 281)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
281. Is other information relative to debt disclosed (e.g., maturity dates, redemption or call of debt owed to the public before maturity dates, write-offs of debts owed to Treasury or the Federal Financing Bank)? (OMB Bull. 97-01, note 10, p. 62)				

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<b>Liabilities</b> <b>Pensions, Other Retirement Benefits,</b> <b>and Postemployment Benefits</b> <b>(282 - 290)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Federal employee and veterans benefits include the actuarial portion of pensions, other retirement benefits, and other post-employment benefits. They do not include liabilities related to ongoing continuous expenses such as employees' accrued salary, accrued annual leave, unpaid portions of employee benefits, and other benefits that are currently due. These items are reported under the "other liabilities" line item. (OMB Bull. 97-01, p. 22)</p> <p>In the context of accounting for pensions, other retirement benefits (ORB), and other post-employment benefits, the "administrative entity" manages and accounts for the pension or other employee plan, while the "employer entity" employs federal workers and generates employee costs, for which it would typically receive a salary and expense appropriation. (SFFAS 5, par. 57, footnote 38)</p> <p>The "aggregate entry age normal" actuarial cost method is one under which the expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value allocated to a valuation year is called "normal cost." (SFFAS 5, par. 64)</p>				
<p>282. Is the aggregate entry age normal actuarial cost method used to calculate, for the administrative entity financial statements, the liabilities arising from pension and ORB expenses? (SFFAS 5, par. 64 &amp; 82)</p>				
<p>283. If other actuarial cost methods are used, does the entity provide an explanation? (SFFAS 5, par. 64)</p>				
<p>284. Does the administrative entity report pension and ORB assets separately from liabilities as opposed to netting them out? (SFFAS 5, par. 68 &amp; 85)</p>				

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<b>Liabilities</b> <b>Pensions, Other Retirement Benefits,</b> <b>and Postemployment Benefits</b> <b>(282 - 290)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
285. Does the administrative entity carry pension and ORB assets at their acquisition cost, adjusted for amortization, if appropriate? (SFFAS 5, par. 68 & 85)				
286. Does the administrative entity disclose the market value of pension and ORB investments in market-based and marketable securities? (SFFAS 5, par. 68 & 85)				
287. Does the employer entity recognize the long-term other post-employment benefits liability as the present value of future payments discounted at the Treasury borrowing rate for securities of similar maturity? (SFFAS 5, par. 95)				
288. Does the administrative entity disclose and report separately the liabilities arising from pensions, other retirement benefits, and other post-employment benefits that are covered by budgetary resources and the liabilities that are not covered by budgetary resources? (OMB Bull. 97-01, pp. 15 & 22 & note 13, p. 68)				
289. Does the administrative entity disclose the assumptions used to calculate the liability for pensions, other retirement benefits, and other post-employment benefits? (SFFAS 5, par. 67 & 83; OMB Bull. 97-01 note 13, p. 68)				

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<b>Liabilities</b> <b>Pensions, Other Retirement Benefits,</b> <b>and Postemployment Benefits</b> <b>(282 - 290)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
290. If the assumptions for a pension plan differ from the assumptions used by the three primary plans — Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), and Military Retirement System (MRS) — does the administrative entity disclose how and why the assumptions differ from those of the primary plans? (SFFAS 5, par. 67; OMB Bull. 97-01 note 13, p. 68)				

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<b>Liabilities</b> <b>Other Liabilities</b> <b>(291 - 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Unless they are reported separately, other liabilities cover liabilities not recognized in other categories. They include, but are not limited to: capital leases, insurance advances and prepayments, deposit funds held in escrow, accrued liabilities and liabilities for losses, claims, and other contingencies. Claims and other contingencies include: indemnity agreements, adjudicated claims, and commitments to international institutions. (SFFAS 1, par. 83 - 86; OMB Bull. 97-01, p. 23 as amended by M-00-05, Jan. 7, 2000)				
291. Do all federal insurance and guarantee programs (except social insurance and loan guarantee programs) recognize a liability for unpaid claims incurred resulting from insured events that have occurred as of the reporting date? (SFFAS 5, par. 104; OMB Bull. 97-01, p. 22)				
292. Do federal insurance programs accrue a contingent liability when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists, and when the following conditions apply?  a. The uncertainty will be resolved when one or more probable future events occur or fail to occur.  b. Future outflow or other sacrifice of resources is probable and measurable. (SFFAS 5, par. 104 & 108; OMB Bull. 97-01, p. 22)				
293. Does the entity also recognize a liability for future policy benefits (such as death or disability)? (SFFAS 5, par. 104; OMB Bull. 97-01, p. 22)				

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<b>Liabilities</b> <b>Other Liabilities</b> <b>(291 – 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
294. When insurance payments and losses extend beyond the current year, are net losses calculated on a present value basis to reflect the time value of money? (SFFAS 5, par. 109)				
295. Does the entity report under “required supplementary stewardship information” (RSSI) the major assumptions and “risks assumed” (i.e., the present value of unpaid losses net of associated premiums based on risk inherent in the insurance or guarantee coverage) for all sponsored insurance programs (except for social insurance, life insurance, and loan guarantee programs)? (SFFAS 5, par. 105, 106, & 109)				
296. Does the entity also report under RSSI the indicators of the range of uncertainty around insurance-related estimates and sensitivity of the estimates to changes in major assumptions? (SFFAS 5, par. 114)				
The liability for future policy benefits is the present value of future outflows to be paid to (or on behalf of) policyholders, less the present value of future related premiums. In general, for whole life policies, the liability for future policy benefits should be no less than the cash surrender value that accrues to the benefit of the policyholder. (SFFAS 5, par. 116)				

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<b>Liabilities Other Liabilities (291 – 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
297. Are liabilities for future benefits of whole life insurance policies reported and disclosed in accordance with private sector standards (i.e., FASB SFAS 60, 97, & 120; AICPA SOP 95-1)? (SFFAS 5, par. 117 & 191 – 193; OMB Bull. 97-01 note 14, p. 68)				
298. Does the liability for future benefits relating to participating life insurance contracts equal the sum of the following amounts?  a. the net level premium reserve for death and endowment policy benefits  b. liability for terminal dividends and  c. any premium deficiency <sup>14</sup> (SFFAS 5, par. 118 & 120)				

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<sup>14</sup> A premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits.

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<b>Liabilities</b> <b>Other Liabilities</b> <b>(291 – 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>299. Has the entity made an assessment to compare the liability for future policy benefits using actuarial assumptions applicable at the time the contract was made (contract assumptions) with the liability for future policy benefits using assumptions that consider the following factors?</p> <ul style="list-style-type: none"> <li>a. current economic conditions (i.e., current and expected investments and expected long-term yields)</li> <li>b. experience (i.e., mortality, morbidity, and termination rates) (SFFAS 5, par. 119)</li> </ul>				
<p>300. Does the entity disclose the components<sup>15</sup> of the liability for future policy benefits of whole life insurance contracts along with a description of each amount and explanation of its projected use? (SFFAS 5, par. 121; OMB Bull. 97-01 note 14, p. 68)</p>				

<sup>15</sup> That is, the net level premium reserve for a death and endowment policy and the liability for terminal dividends.

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<b>Liabilities Other Liabilities (291 - 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
301. Does the reporting entity disclose and break out the following items?  a. the portion of other liabilities covered by budgetary resources and the portion not covered by budgetary resources  b. the portion of other liabilities payable to governmental (i.e., federal) entities and the portion payable to nonfederal entities  c. the portion of other liabilities that are noncurrent and the portion that are current (SFFAS 1, par. 83 - 86; OMB Bull. 97-01, pp. 15 & 21 & note 11, pp. 63 & 64)				
302. Does the agency record “unearned revenue” as a liability if it requests advances or progress payments prior to receipt of cash, and does it record the amounts? (SFFAS 7, par. 37)				
303. Are amounts payable for refunds, refund offsets <sup>16</sup> and drawbacks <sup>17</sup> recognized as liabilities when measurable and legally payable under established processes of the collecting entity? (SFFAS 7, par. 57 & app. E)				

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<sup>16</sup> Amounts withheld from refunds on behalf of other agencies.

<sup>17</sup> Refunds payable of duties paid on imported goods that are subsequently exported or destroyed.

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<b>Liabilities Other Liabilities (291 – 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
304. Do amounts payable for refunds include refund claims filed by the taxpayer in which the government has determined the amount payable and identified the payee? (SFFAS 7, par. 57)				
305. Are filed claims for refunds, even if reasonably estimable, excluded from payables if administrative actions have not been completed as of the close of the reporting period? (SFFAS 7, par. 58.A)				
306. Are unasserted claims for refunds, even if reasonably estimable, excluded from payables? (SFFAS 7, par. 58.B)				
307. Are voluntarily made deposits pending settlements and judgements separately recognized as deposit liabilities? (SFFAS 7, par. 59)				
A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty should ultimately be resolved when one or more future events occur or fail to occur. (SFFAS 5, par. 35; OMB Bull. 97-01, p. 23, as revised by M-00-05, Jan. 7, 2000 & note 16, p. 69)				

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<b>Liabilities</b> <b>Other Liabilities</b> <b>(291 - 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>308. Does the entity recognize estimated losses for claims or other contingencies if the following conditions apply?</p> <p>a. A past event or exchange transaction has occurred.</p> <p>b. A future outflow or other sacrifice of resources is probable.</p> <p>c. the future outflow or sacrifice of resource is measurable. (SFFAS 5, par. 38; OMB Bull. 97-01, p. 23, as revised by M-00-05, Jan. 7, 2000)</p>				
<p>309. If any one of the conditions for recognizing a contingent liability are not met and there is at least a “reasonable possibility”<sup>18</sup> that a loss or additional loss may be incurred, does the entity disclose the nature of the contingency and the following?</p> <p>a. an estimate of the possible liability</p> <p>b. an estimate of the range of the possible liability</p> <p>c. a statement that such an estimate cannot be made (SFFAS 5, par. 36, 38, 40, &amp; 41)</p>				

<sup>18</sup> That is, the chance of a future event occurring is less than “probable” but more than “remote.”

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<b>Liabilities Other Liabilities (291 - 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>310. If no amount within the range of possible liabilities is a better estimate than any other amount:</p> <ul style="list-style-type: none"> <li>a. Is the minimum amount in the range of possible liabilities recognized?</li> <li>b. Is the range and a description of the nature of the contingency disclosed? (SFFAS 5, par. 39)</li> </ul>				
<p>311. If information about remote contingencies, or related to remote contingencies, is included in general-purpose federal financial reports,<sup>19</sup> is the information labeled to avoid the misleading implication that there is more than a remote chance of a loss of that amount? (SFFAS 5, par. 42)</p>				
<p>312. If material, does the entity separately disclose a contingent liability for environmental cleanup costs<sup>20</sup> for PP&amp;E if the following criteria apply?</p> <ul style="list-style-type: none"> <li>a. They are related to a past transaction or event.</li> <li>b. The related costs are probable and measurable. (SFFAS 5, par. 38 &amp; SFFAS 6, par. 91 - 93; OMB Bull. 97-01, p. 23, as amended by M-00-05, Jan. 7, 2000)</li> </ul>				

<sup>19</sup> For example, the total face amount of insurance and guarantees in force.

<sup>20</sup> Cleanup costs are the costs of removing, containing, or disposing of hazardous waste or material and/or property that consists of hazardous waste or permanent or temporary closure of associated PP& E. (SFFAS 6, par. 85)

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<b>Liabilities Other Liabilities (291 – 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
313. When cleanup costs are paid, are the payments recognized as a reduction in the liability for cleanup costs? (SFFAS 6, par. 100)				
314. Is a liability recognized for the portion of the estimated total cleanup cost that is attributable to either the portion of the physical capacity used or the portion of the estimated useful life that has passed, since the PP&E was placed into service? (SFFAS 6, par. 104)				
315. When cleanup costs are recognized for the first time, is the offsetting charge for any liability for cleanup costs shown as a “prior period adjustment”? (SFFAS 6, par. 105)				
316. Are the amounts of prior period adjustments arising from belated recognition of cleanup costs and liabilities disclosed and, if possible, associated with current and prior periods? (SFFAS 6, par. 105)				
317. Are any subsequent changes (made in periods following implementation) in estimated total cleanup cost immediately expensed and reflected in the related liability balance? (SFFAS 6, par. 104)				

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<b>Liabilities</b> <b>Other Liabilities</b> <b>(291 - 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>318. Does the entity also disclose the following information?</p> <ul style="list-style-type: none"> <li>a. the sources (i.e., applicable laws and regulations) of cleanup requirements</li> <li>b. the method for assigning estimated total cleanup costs to current operating periods (e.g., physical capacity versus passage of time)</li> <li>c. the unrecognized portion of estimated total cleanup costs associated with general PP&amp;E</li> <li>d. the material changes in total estimated cleanup costs due to changes in laws, technology, or plans</li> <li>e. the portion of change in estimate that relates to prior period operations</li> <li>f. the nature of estimates and the disclosure of information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations (SFFAS 6, par. 107 - 111)</li> </ul>				
<p>Social Insurance Programs provide for the maintenance and distribution of incomes and medical benefits during periods of unemployment, disability, and retirement. These programs are Social Security, Medicare, and Railroad Retirement Benefits, Black Lung Benefits, and Unemployment Insurance. Expense and liability recognition for these programs is the same for both the consolidated governmentwide entity as for the component entities. (SFFAS 17, par. 2, 4, 14, &amp; 30)</p>				

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**Section III****Balance Sheet****DRAFT**

<b>Liabilities Other Liabilities (291 – 321)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
319. Does the entity recognize a liability for social insurance benefits due and payable including claims incurred but not reported? (SFFAS 17, par. 22, 59 – 63, & 113)				
320. Does the liability for unemployment insurance include the following amounts? a. amounts due to states and territories for benefits they have paid to beneficiaries but for which they have not withdrawn funds from the federal unemployment trust fund (UTF) as of the fiscal year-end b. estimated amounts to be withdrawn from UTF and benefits paid by states and territories after fiscal year-end for compensatory days occurring prior to fiscal year-end (SFFAS 17, par. 23)				
321. Does the entity separately report items within other liabilities if the amounts are material? (OMB Bull. 97-01, p. 23)				

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**Section III****Balance Sheet****DRAFT**

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<b>Net Position Unexpended Appropriations &amp; Cumulative Results of Operations (322 – 325)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
322. Does the line item “unexpended appropriations” include both the portion of the entity’s appropriation represented by undelivered orders and unobligated balances? (OMB Bull. 97-01, p. 24)				
323. Does the entity break out and disclose the portion of unexpended appropriation represented by undelivered orders and unobligated amounts? (OMB Bull. 97-01, p. 69, note 15)				
324. Does the entity disclose its estimate of obligations related to cancelled appropriations for which it has a contractual commitment for payment? (OMB Bull. 97-01, p. 69, note 16)				

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<b>Net Position</b> <b>Unexpended Appropriations &amp; Cumulative Results of Operations</b> <b>(322 - 325)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>325. Does the line item “cumulative results of operations” include the following items?</p> <ul style="list-style-type: none"> <li>a. the net results of operations since inception</li> <li>b. the cumulative amount of prior period adjustments</li> <li>c. the cumulative amount of donations and transfers of assets in and out without reimbursement</li> <li>d. the cumulative amounts related to investment in capitalized assets, such as PP&amp;E (OMB Bull. 97-01, p. 24)</li> </ul>				

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**Section IV****Statement of Net Cost****DRAFT**

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The questions related to the Statement of Net Cost are presented under three general captions and 12 line items. The question numbers related to each caption and line item follow.

	<u>Question Numbers</u>
<b>Cost Accounting in General</b>	
1. Overall Requirements	1 - 16
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4. Interentity Costs	32 - 37
5. Costing Methodology	38 - 46
<b>Revenues</b>	47 - 70
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8. Property, Plant, and Equipment	105 - 119
9. Cleanup Costs	120 - 127
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**Section IV****Statement of Net Cost****DRAFT**

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<b>Cost Accounting in General Overall Requirements (1 – 16)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>The Statement of Net Cost is designed to show separately the components of the net cost of the reporting entity's operations for the period. The statement and any related supporting schedules classify revenue and cost information by suborganization or responsibility segment. (OMB Bull. 97-01, p. 26)</p> <p>Information presented in the Statement of Net Costs mostly depends on the agency properly implementing SFFAS No. 4, Managerial Cost Accounting Standards for the Federal Government. SFFAS No. 4 essentially defines how costs are determined and provides guidance for defining and structuring responsibility segments. (OMB Bull. 97-01, p. 26)</p> <p>Managerial cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives. (SFFAS 4, par. 42)</p> <p>A cost accounting "system" is a continual and systematic cost accounting process that may be designed to accumulate and assign costs to a variety of objects routinely or as desired by management. (SFFAS 4, par. 74)</p> <p>Cost finding is a method for determining the cost of producing goods or services using appropriate procedures, for example, special cost studies or analyses. (SFFAS 4, par. 76)</p>				
1. Is the classification of suborganization and major programs for which costs are reported consistent with the entity's mission and outputs? (OMB Bull. 97-01, p. 26)				
2. Are net costs reported for the entity as a whole and for specific suborganizations and major programs? (OMB Bull. 97-01, p. 26)				

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**Section IV****Statement of Net Cost****DRAFT**

<b>Cost Accounting in General Overall Requirements (1 – 16)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
3. Does the Statement of Net Costs include a combined total column? (OMB Bull. 97-01, pp. 25 & 27)				
4. Does the combined total column include a note alerting readers that the combined statement of financing or equivalent schedules do not include intra-agency eliminations? (OMB Bull. 97-01, p. 27)				
5. Are the costs related to the production of goods and services provided to other programs reported separately from the costs of goods, services, transfers, and grants provided to the public? (OMB Bull. 97-01, p. 27)				
6. Are costs that cannot be directly traced, assigned on a cause-and-effect basis, or reasonably allocated to segments and their outputs and programs reported on the Statement of Net Cost as “Costs not assigned to programs?” (OMB 97-01, pp. 25 & 28; SFFAS 7 Imple. Guide, par. 32)				
7. Is earned revenue that is insignificant or cannot be attributed to particular outputs or programs reported separately as a deduction in arriving at the net cost of operations of the suborganization or reporting entity as a whole? (OMB 97-01, pp. 25 & 28)				

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<b>Cost Accounting in General Overall Requirements (1 - 16)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
8. Does the reporting entity regularly accumulate and report the costs of its activities either by means of cost accounting systems or cost finding techniques? (SFFAS 4, par. 70)				
9. Has the entity established appropriate procedures and practices to enable the consistent and regular collection, measurement, accumulation, analysis, interpretation, and communication of cost information? (SFFAS 4, par. 68 & 70)				
10. Does the cost accounting data collected by the entity provide information needed to determine and report service efforts, accomplishments, and information required by the Government Performance and Results Act (GPRA)? (SFFAS 4, par. 69)				
11. In general, does the reporting entity use a cost accounting system or cost finding technique that can perform at least a certain minimum level of cost accounting as well as provide basic cost information necessary to accomplish the objectives associated with planning, decision-making, control, and reporting? (SFFAS 4, par. 71)				

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<b>Cost Accounting in General Overall Requirements (1 – 16)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>12. Specifically, does the reporting entity's cost accounting system or cost finding technique, at a minimum do the following?</p> <ul style="list-style-type: none"> <li>a. Collect cost information by responsibility segments, which have been identified by management.</li> <li>b. Define outputs for each responsibility segment.</li> <li>c. Measure the full cost (including the cost of goods or services provided by other entities) of outputs so that total operational costs and total unit costs of outputs can be determined.</li> <li>d. Use a costing methodology (e.g., activity based, job order, and standard costing) that is appropriate for management's needs and the operating environment.</li> <li>e. Provide information needed to determine and report service efforts and accomplishments and information necessary to meet the requirements of GPRA (or interface with a system that provides such information).</li> <li>f. Rely on the Standard General Ledger as a basis for integrating its cost information with its general financial accounting capability.</li> <li>g. Supply cost data precise enough to provide reliable and useful information to internal and external users in making evaluations or decisions.</li> <li>h. Accommodate management's special cost information needs. (SFFAS 4, par. 71)</li> </ul>				

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<b>Cost Accounting in General Overall Requirements (1 - 16)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
13. Are all cost accounting activities, processes, and procedures documented? (SFFAS 4, par. 71)				
14. In determining the appropriate detail for its cost accounting processes and procedures, has the reporting entity considered the following? a. nature of its operations b. the precision desired and needed in cost information c. the practicality of data collection and processing d. the availability of electronic data handling facilities e. the cost of installing, operating, and maintaining the cost accounting processes f. any specific information needs of management (SFFAS 4, par. 72)				
15. Has the entity used similar or compatible cost accounting processes throughout its component units? (SFFAS 4, par. 73)				
16. Does the entity provide appropriate variations of the Statement of Net Cost based on the types of programs that it carries out and OMB guidance? (SFFAS 7 Imple. Guide, par. 33; OMB Bull. 97-01, pp. 26 & 29)				

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<b>Cost Accounting in General Responsibility Segments (17 – 22)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
A responsibility segment is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services. (SFFAS 4, par. 78)				
17. Has the management of the reporting entity defined and established, as needed, responsibility segments to perform managerial cost accounting functions? (SFFAS 4, par. 77)				
18. Does management designate or establish responsibility segments based on the following?  a. the entity's organization structure  b. its lines of responsibility and missions  c. its output of goods and services  d. budget accounts and funding authorities (SFFAS 4, par. 86)				

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<b>Cost Accounting in General Responsibility Segments (17 – 22)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>19. For each responsibility segment, can the entity do the following?</p> <ul style="list-style-type: none"> <li>a. Define and accumulate outputs and, if feasible, quantify each type of output in units.</li> <li>b. Accumulate costs and quantitative units of resources consumed in producing the outputs.</li> <li>c. Assign costs to outputs and calculate the cost per unit of each type of output, if possible.</li> <li>d. Establish lower level cost centers, as needed. (SFFAS 4, par. 79 &amp; 88)</li> </ul>				
<p>20. Does the reporting entity include supporting schedules in the Notes to the Financial Statements if the suborganization's summary information provided in the Statement of Net Cost does not fully display their major programs and activities? (OMB Bull. 97-01, pp. 69 &amp; 70)</p>				
<p>21. Does the reporting entity disclose gross cost and earned revenue<sup>1</sup>, by budget functional classification, for the following?</p> <ul style="list-style-type: none"> <li>a. the reporting entity</li> <li>b. transactions with intragovernmental entities (OMB Bull. 97-01, as amended by M-00-05, Jan. 7, 2000, p. 20)</li> </ul>				

<sup>1</sup> Gross cost and earned revenue is net of intra-agency transactions (consolidated).

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<b>Cost Accounting in General Responsibility Segments (17 - 22)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
22. Do the balances for gross cost, earned revenue, and net cost by budget functional classifications disclosed in the notes agree with the balances reported on the face of the statements? (OMB Bull. 97-01, as amended by M-00-05, Jan. 7, 2000, p. 20)				

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<b>Cost Accounting in General Full Cost (23 - 31)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Full cost is the sum of all costs required by a cost object including the costs of activities performed by other entities regardless of funding sources. (SFFAS 4, app. B)</p> <p>Cost object (or cost objective) is an activity, output, or item whose cost is to be measured — or in a broad sense, an organizational division, function, task, product, service or customer. (SFFAS 4, app. B)</p> <p>Direct costs are costs that can be specifically identified with an output. (SFFAS 4, par. 89)</p> <p>Indirect costs are costs of resources that are jointly or commonly used to produce two or more types of outputs but are not specifically identifiable with any of the outputs. (SFFAS 4, par. 91)</p> <p>Output is any product or service generated from the consumption of resources. (SFFAS 4, par. 89)</p>				
23. Does the reporting entity report include all direct costs in the full cost of outputs? (SFFAS 4, par. 89 & 90)				
24. Does the reporting entity also include the following? a. indirect costs incurred within a responsibility segment b. the costs of support services that a responsibility segment receives from other segments and entities (SFFAS 4, par. 91, 122, & 123)				

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<b>Cost Accounting in General Full Cost (23 - 31)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
25. Are those general management and administrative support costs that cannot be traced, assigned, or allocated to responsibility segments and outputs identified and reported as costs not assigned to programs? (SFFAS 4, par. 92)				
26. Are the costs of employee benefits <sup>2</sup> included as part of the cost of outputs? (SFFAS 4, par. 93 - 96)				
27. Are other postemployment benefits reported as an expense for the period during which a future outflow or other sacrifice of resources is probable and measurable on the basis of an event occurring on or before the accounting date? (SFFAS 4, par. 96 - 97)				
28. Are the costs of transfer payments for welfare, insurance, grants, and other public assistance programs and the costs of operating those programs separately identified? (SFFAS 4, par. 98 - 101; OMB Bull. 97-01, pp. 27 & 70)				
29. Are incurred depreciation expenses included in the full costs of outputs that the segment produces? (SFFAS 4, par. 102)				

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<sup>2</sup> These include insurance, pensions, and other retirement benefits but not other postemployment benefits.

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<b>Cost Accounting in General Full Cost (23 - 31)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
30. Are the costs of acquiring or constructing national defense PP&E and heritage PP&E treated as a program cost or period expense but excluded from the full cost of outputs? (SFFAS 4, par. 103; SFFAS 11, par. 7)				
31. Are other nonproduction costs, such as reorganization costs and nonrecurring cleanup costs resulting from facility abandonment, also excluded from the full cost of outputs and treated as a current period expense? (SFFAS 4, par. 104)				

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<b>Cost Accounting in General Interentity Costs (32 - 37)</b>	<b>Y</b>	<b>N</b>	<b>NA</b>	<b>Explanation</b>
Within the federal government, some reporting entities rely on other federal entities to help them achieve their missions. Often, this involves providing goods or services, with or without reimbursement. The reporting entity generally must account for the full cost of goods or services provided to or received from other federal entities. (SFFAS 4, par. 105 - 106)				
32. Does the reporting entity include in its Statement of Net Cost the full costs of goods and services received from other federal entities? (SFFAS 4, par. 105)				
33. Does the entity providing goods or services to another reporting entity recognize in its accounting records, as well as disclose to the receiving entity, the full cost of goods and services provided? (SFFAS 4, par. 108; OMB Bull. 97-01, pp. 25 & 27)				
34. Is recognition of interentity costs that are not fully reimbursed limited to material items that have the following attributes?  a. are significant to the receiving entity  b. form an integral or necessary part of the receiving entity's output  c. can be identified or matched to the receiving entity with reasonable precision (SFFAS 4, par. 105 & 112; OMB Bull. 97-01, p. 27)				

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<b>Cost Accounting in General Interentity Costs (32 - 37)</b>	<b>Y</b>	<b>N</b>	<b>NA</b>	<b>Explanation</b>
35. Are the costs of broad, general support services provided by a federal entity to other federal entities excluded from the costs of the recipient entity unless such services are integral to the receiving entity (e.g., Treasury check-writing services provided for the Social Security Administration)? (SFFAS 4, par. 112)				
36. If the receiving entity cannot get complete information on the full cost of goods or services provided by another reporting entity does one of the following apply?  a. The receiving entity uses a reasonable estimate of the cost.  b. If an estimate of the cost cannot be made, the estimated market value of the received goods or services is used. (SFFAS 4, par. 109)				
37. Are interentity and intra-entity expenses and financing sources eliminated for any consolidated financial statements covering both entities? (SFFAS 4, par. 109)				

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<b>Cost Accounting in General Costing Methodology (38 - 46)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Entities are not required to use a particular costing system or costing methodology. But the costing system or methodology used should be appropriate to the entity's operating environment and used consistently. Four examples of acceptable (but not necessarily mutually exclusive) costing methodologies are activity-based costing, job order costing, process costing, and standard costing. (SFFAS 4, par. 144 - 162)</p> <p>Cost accumulation is the process of collecting cost data in an organized way by responsibility segment. (SFFAS 4, par. 117)</p> <p>Cost assignment is a process that identifies accumulated costs with reporting periods and cost objects. Three methods of cost assignment are direct tracing, cause and effect, and allocation that is reasonable and consistent. (SFFAS 4, par. 120, 124 - 137, &amp; app. E)</p> <p>Cost object or cost objective is an activity, output, or item, the cost of which is to be measured. (SFFAS 4, par. 121 &amp; app. E)</p>				
38. Is the entity's accounting system capable of identifying costs with responsibility segments? (SFFAS 4, par. 118)				
39. Are costs related to the production of goods and services provided to other programs (governmental) reported separately from the costs of goods, services, transfers, and grants provided to the public? (OMB Bull. 97-01, pp. 25 & 27)				
40. Are costs related to the production of outputs reported separately from costs that are not related to the production outputs (i.e., nonproduction costs)? (OMB Bull. 97-01, p. 25 & 27)				

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<b>Cost Accounting in General Costing Methodology (38 - 46)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
41. Are the costs of resources consumed by responsibility segments classified by type of resource, such as costs of employees, materials, capital, utilities, rent, etc.? (SFFAS 4, par. 119)				
42. Are data on the quantity of units (e.g., staff days, gallons of gasoline consumed, etc.) related to the various cost categories maintained, when appropriate and feasible? (SFFAS 4, par. 119)				
43. Are costs assigned to outputs using the methods in the following order of preference? a. directly tracing costs used in the production of an output, wherever feasible and economically practicable b. assigning costs on a cause-and-effect basis to, for example, cost pools c. allocating costs on a reasonable and consistent basis (SFFAS 4, par. 124)				
44. For cost allocation purposes, do indirect costs assigned to a given cost pool have similar characteristics? (SFFAS 4, par. 136)				
45. Are common costs assigned to activities either on a cause-and-effect basis, if feasible, or through reasonable allocations? (SFFAS 4, par. 139, 140, 142, & 143)				

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<b>Cost Accounting in General Costing Methodology (38 - 46)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
46. Are the full costing methodologies that are most appropriate to a segment's operating environment used and followed consistently, and if improvements or refinements are made, are they documented and explained? (SFFAS 4, par. 145 & 146)				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Revenues are inflows of resources that the government demands, earns, or receives by donation. Revenue comes from two sources: exchange transactions and nonexchange transactions. (SFFAS 7, par. 30)</p> <p>Nonexchange revenues are inflows of resources that the Government demands or receives by donation. Nonexchange revenues are primarily derived from the government's power to demand payments from the public (e.g., taxes, duties, fines, etc.) (SFFAS 7, par. 30 &amp; 48)</p> <p>Exchange revenues and gains are inflows of resources to a government entity that the entity has earned. They are earned when each party to the transaction sacrifices value and receives value in return. (SFFAS 7, par. 30 &amp; 33)</p> <p>Gross cost consists of the full cost of the outputs produced by a program plus any non-production costs that can be assigned to the program (non-production costs are costs linked to events other than the production of goods and services). (OMB Bull. 97-01, p. 26)</p> <p>The net cost of a program consists of gross cost less related exchange revenues (or in this context, the cost of the entity to the taxpayer). (OMB Bull. 97-01, p. 26)</p>				
47. Are earned revenues deducted from the gross costs of suborganizations and programs if practical and possible and, if not, from the costs of the entity as a whole? (OMB Bull. 97-04, p. 28)				
48. In its Statement of Net Costs, does the entity show the following?  a. the gross cost of providing goods or services that earned exchange revenue  b. exchange revenue earned  c. the resulting difference between a and b to determine net costs (SFFAS 7, par. 43 & 120 - 125; SFFAS 7 Imple. Guide, par. 7, 8 & 42 - 47; OMB Bull. 97-01, pp. 25 & 26)				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
49. Does the entity also break out the gross costs of providing goods, services, benefit payments, or grants that did not earn exchange revenue? (SFFAS 7, par. 43 & 120; SFFAS 7 Imple. Guide, par. 32, 33, & 41; OMB Bull. 97-01, p. 26, 5th par.)				
50. Is the net amount of gains (or losses) subtracted from (or added to) the gross cost to determine net cost? (SFFAS 7, par. 44)				
51. If exchange (or earned) revenue is immaterial or cannot be associated with a particular output or program, is it reported separately, as appropriate, as a deduction in arriving at net cost of the program, suborganization, or reporting entity as a whole? (SFFAS 7, par. 44, SFFAS 7 Imple. Guide, par. 45.6; OMB Bull. 97-01, p. 28)				
52. Are nonexchange revenues and other financing sources excluded from calculating net cost? (SFFAS 7, par. 44)				
53. If the entity incurs virtually no cost in connection with earning exchange revenue, is such revenue not recognized in the Statement of Net Cost, but shown as a financing source on the Statement of Financing? (SFFAS 7, par. 45.A & 140 - 146)				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
54. If the collecting entity transfers exchange revenue to a second entity, does the second entity follow similar revenue recognition (i.e., match revenues against actual costs unless no costs are incurred)? (SFFAS 7, par. 45.B)				
55. Is the full amount of exchange revenues reported regardless of whether the entity is permitted to retain the revenues? (OMB Bull. 97-01, p. 28)				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>56. Does a reporting entity that provides goods or services to the public or other government entity disclose the following in a note or narrative?</p> <p>a. a pricing policy that differs from the full cost or market pricing guidance set forth in OMB Circular No. A-25 and the possible effect on demand and revenue if prices were raised to reflect the market or full cost</p> <p>b. prices set by law or executive order that are not based on full cost or market price and the possible effect on demand and revenue if prices were raised to reflect the market or full cost</p> <p>c. the nature of intragovernmental exchange transactions in which goods or services are provided free or at less than full cost and the reasons for disparities between billing and full cost</p> <p>d. the full amount of any expected loss when specific goods or services are provided or made to order under a contract and a loss is both probable and measurable (SFFAS 7, par. 46, 47, &amp; 163 - 167; OMB Bull. 97-01, p. 71)</p>				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
57. Is custodial collected nonexchange revenue, that is legally retained by the collecting entity as reimbursement for the cost of collection, recognized as exchange revenue in determining the collecting entity's net cost of operations? (SFFAS 7, par. 60.3)				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
58. Is revenue received from the public or other government entity in return for providing goods or services recognized and reported in the Statement of Net Cost as earned or exchange revenue? (SFFAS 7, par. 34, 35, 36 (a) & (c), 270, & 271; OMB Bull. 97-01, p. 28)				
59. Is exchange revenue broken out by major category and linked, where possible, to the net costs of related outputs, programs, organizations, or suborganizations in the Statement of Net Cost? (SFFAS 7, par. 43; SFFAS 7 Imple. Guide, par. 42 – 47; OMB Bull. 97-01, p. 28)				
60. If an exchange transaction is likely to be unusual or nonrecurring for a particular entity, is a gain or loss recognized rather than a revenue or expense? (SFFAS 7, par. 35, 133, 238, 329 & 330)				
61. If specific goods or services are made to order under terms of a contract, is exchange revenue (and any probable loss or gain) recognized in proportion to costs of goods and services acquired to fulfill the contract? (SFFAS 7, par. 36(b))				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
62. When goods are kept in inventory so that they are available to customers when ordered, is exchange revenue recognized when the goods are delivered to the customer? (SFFAS 7, par. 36(c))				
63. If services are rendered continually or the right to use an asset extends continually over time, is exchange revenue recognized in proportion to the passage of time or the use of the asset? (SFFAS 7, par. 36(d))				
64. Is interest received on intragovernmental loans recognized as exchange revenue if the source of borrowed funds is predominately exchange revenue? (SFFAS 7, par. 36(d) & 154 - 161)				
65. When an asset other than inventory is sold, is any gain (or loss) recognized when the asset is delivered to the purchaser? (SFFAS 7, par. 36(e))				
66. When advance fees or payments are received, such as for large-scale, long-term projects, is revenue recognized only as the costs of providing the corresponding goods and services? (SFFAS 7, par. 37 & 113 - 119)				

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<b>Revenues (47 - 70)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
67. Is the measurement for revenue from exchange transactions based on the actual price received or receivable under established pricing arrangements? (SFFAS 7, par. 38)				
68. If the realization of the full amount of exchange revenue is not probable due to credit losses, is an expense recognized and is the allowance for bad debts increased? (SFFAS 7, par. 40)				
69. If recognized exchange revenue is not likely to be realized for reasons apart from credit losses (e.g., returns and allowances), is the probable amount recognized as a revenue adjustment? (SFFAS 7, par. 41 & 129)				
70. Is exchange revenue recognized regardless of whether the entity retains the revenue for its own use or transfers it to other entities? (SFFAS 7, par. 43)				

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<b>Costs Pensions and Other Retirement and Postemployment Benefits (71 - 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Pension benefits include all retirement, disability, and survivor benefits financed through a pension plan, including unfunded pension plans. Required federal payments to social insurance plans (i.e., Social Security and Medicare) and matching federal payments to defined contribution pension plans are also considered to be plan expenses. (SFFAS 5, par. 61)</p> <p>Costs of pensions and other retirement benefits (ORB), be they paid for in part or in total by other governmental entities, are included in the costs of program outputs. (OMB Bull. 97-01, p. 27)</p> <p>Recognition of other postemployment benefits (OPEB) is linked to the occurrence of an OPEB event rather than the production of an output. OPEB costs are generally treated as a period expense. Special purpose cost studies may distribute OPEB costs over a number of prior years to determine the cost of outputs OPEB recipients helped produce. (SFFAS 4, par. 96 &amp; 97)</p> <p>In accounting for pensions, ORB, and OPEB, the “administrative entity” typically manages and accounts for the related assets and liabilities. The “employer entity” accounts for the related costs of pensions, ORB, and OPEB. For these costs the employer entity receives a salary and expense appropriation, imputes a financing source, or both. (SFFAS 5, par. 57, footnote 38, &amp; par. 78 &amp; 93)</p> <p>The “aggregate entry age normal” actuarial cost method is one under which the expenses or liabilities arising from the actuarial present value of projected pension benefits is allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value of pension plan and benefits and expenses that is allocated to a valuation year is called “normal cost” (SFFAS 5, par. 64 &amp; app. E)</p>				
71. Are pensions and ORB recognized as expenses at the time of employment? (SFFAS 5, par. 59)				

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<b>Costs Pensions and Other Retirement and Postemployment Benefits (71 - 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
72. Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate pension expense, the liability for the administrative entity financial statements, and the expense for the employer entity financial statements? (SFFAS 5, par. 64)				
73. When using the "aggregate entry age normal" actuarial cost method, does the entity allocate pension expenses on the basis of a level percentage of earnings? (SFFAS 5, par. 64)				
74. Does the administrative entity base its actuarial assumptions for pension plans on the experience of the covered groups, long-term trends, and guidance of the American Academy of Actuaries? (SFFAS 5, par. 65)				
75. Does the administrative entity base its interest rate assumptions on the estimated long-term investment yield for a pension plan, or, if the plan is not being funded, on some other appropriate long-term assumption (e.g., the federal long-term borrowing rate)? (SFFAS 5, par. 66)				
76. Does the administrative entity disclose the assumptions used to calculate pension benefit expenses? (SFFAS 5, par. 67)				

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<b>Costs</b> <b>Pensions and Other Retirement</b> <b>and Postemployment Benefits</b> <b>(71 – 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
77. When a new pension plan is initiated or current one amended does the administrative entity immediately recognize all past service costs or gains as well as all actuarial gains and losses, without amortization? (SFFAS 5, par. 69 & 70)				
Normal cost or service cost is the actuarial present value of benefits attributed by the pension plan's benefit formula to services rendered by employees during an accounting period. (SFFAS 5, par. 74, footnote 45)				
78. Does the administrative entity disclose the following components of reported pension benefit expenses?  a. normal cost  b. interest on pension liability during the period  c. prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any  d. actuarial gains or losses during the period, if any (SFFAS 5, par. 71 & 72; OMB Bull. 97-01 note 13, p. 68)				

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<b>Costs Pensions and Other Retirement and Postemployment Benefits (71 - 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
79. Does the administrative entity report pension plan revenue for the sum of contributions from the following entities?  a. the employer  b. its employees  c. financing from the general fund to cover prior service or other costs for which contributions were not provided by the employer or employee  d. interest on the plan's investments (SFFAS 5, par. 73 & 78)				
80. In the financial report, does the employer entity recognize a pension expense report that equals the service cost for its employees for the accounting period, less the amount contributed by the employees, if any? (SFFAS 5, par. 74, 77, & 78)				
81. Is the employer entity's pension expense balanced by either of the following?  a. a decrease to its "fund balance with Treasury" for the amount of its contribution to the pension plan, if any  b. an increase to an account representing an intragovernmental imputed financing source (e.g., "imputed financing - expenses paid by other agencies") (SFFAS 5, par. 75)				

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<b>Costs Pensions and Other Retirement and Postemployment Benefits (71 - 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
82. If the employer entity is also the administrative entity, does it also report the liability <sup>3</sup> and recognize the expense for all components of the pension plan's cost? (SFFAS 5, par. 71 & 76)				
ORB include all retirement benefits other than pension benefits. The predominant ORB in the federal government is retirement health benefits. (SFFAS 5, par. 58 & 79)				
83. Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate the ORB expense and liability for the administrative entity financial statements and the expense for the employer entity financial statements? (SFFAS 5, par. 82 & 88)				
84. Are expenses and other liabilities attributable to ORB expenses allocated based on the service rendered by each employee? (SFFAS 5, par. 82 & 83)				

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<sup>3</sup> This is the actuarial present value of all future benefits, based on projected salaries and total projected service, less the actuarial present value of future normal cost contributions that would be made for and by the employees under the plan.

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<b>Costs Pensions and Other Retirement and Postemployment Benefits (71 - 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
85. Do the amounts calculated for financial reports prepared for ORB plans reflect the following? a. general actuarial and economic assumptions that are consistent with those used for pensions  b. a health care cost trend assumption that is consistent with Medicare projections or other authoritative sources appropriate for the population covered by the plan (SFFAS 5, par. 83)				
86. Does the administrative entity discount the projected ORB costs at the rate of expected return of plan assets, if the plan is being funded, or on some other long-term assumptions (e.g., the long-term federal government borrowing rate) for unfunded plans? (SFFAS 5, par. 84)				
87. Does the administrative entity disclose the assumptions used to calculate projected ORB costs? (SFFAS 5, par. 83)				
88. Is the accrual period for ORB based on the expected retirement age rather than the age when the employee becomes eligible for pension benefits? (SFFAS 5, par. 84)				

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<b>Costs Pensions and Other Retirement and Postemployment Benefits (71 - 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
89. When a new ORB plan is initiated or current one amended, does the administrative entity immediately recognize all past and prior service costs or gains as well as all actuarial gains and losses, without amortization? (SFFAS 5, par. 86 & 87)				
90. Does the administrative entity disclose the following components of reported ORB (e.g., health insurance) expenses?  a. normal cost  b. interest on the ORB liability during the period  c. prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any  d. any gains/losses due to a change in the medical inflation rate assumption  e. other actuarial gains or losses during the period, if any (SFFAS 5, par. 88; OMB Bull. 97-01 note 13, p. 68)				
91. Does the administrative entity report ORB revenue for the sum of contributions from the employer entity and its employees? (SFFAS 5, par. 89)				

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<b>Costs Pensions and Other Retirement and Postemployment Benefits (71 - 95)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
92. Does the employer entity recognize ORB expenses on a per employee basis in its financial report as the net of normal cost and employee contributions? (SFFAS 5, par. 90 & 93)				
93. If the employer entity is also the administrative entity, does it also report the liability <sup>4</sup> and recognize the expense for all components of the pension plan's cost? (SFFAS 5, par. 88 & 92)				
OPEB are provided to former or inactive employees, beneficiaries, and covered dependents outside pension or ORB plans. Postemployment benefits can include salary continuation, severance benefits, counseling and training, continuation of health care or other benefits, unemployment workers' compensation, and veterans' disability compensation benefits paid by the employer entity. (SFFAS 4, par. 96; SFFAS 5, par. 57)				
94. Are OPEB expenses recognized as an expense at the time the benefit is provided? (SFFAS 5, par. 59)				
95. Does the employer entity recognize an expense and a liability for OPEB--such as severance pay, training, and health care--when a future outflow or other sacrifice of resources is probable (i.e., more likely than not) and measurable? (1 SFFAS 5, par. 94 & 95)				

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<sup>4</sup> This is the actuarial present value of all future benefits less the actuarial present value of future normal cost contributions that would be made for and by the employees under the plan.

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<b>Costs Inventory, Material, Supplies, and Commodities (96 – 104)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
96. Upon sale or use, is the cost of inventory expensed and removed from the inventory asset account? (SFFAS 3, par. 19)				
97. To arrive at the historical cost of ending inventory and cost of goods sold, is one of the following cost flow assumptions used?  a. first-in, first-out  b. weighted average  c. moving average  d. any other valuation method (such as a standard cost system) whose results reasonably approximate a, b, or c (SFFAS 3, par. 22)				
98. Are operating materials and supplies expensed using the consumption method (i.e., reported as an operating expense as they are issued to the end user for current operations)? (SFFAS 3, par. 38 & 39)				

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<b>Costs Inventory, Material, Supplies, and Commodities (96 – 104)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>99. Are operating materials and supplies expensed upon purchase if they have the following attributes?</p> <p>a. they are of insignificant amounts</p> <p>b. they are in the hands of the end user for use in normal operations</p> <p>c. it is cost-effective to immediately expense rather than to capitalize (i.e., apply the purchase method rather than the consumption method of accounting) (SFFAS 3, par. 40 &amp; 41)</p>				
<p>100. Are inventory and operating materials acquired through a nonmonetary exchange valued at the fair value of the items received at time of the exchange, and is the difference between the fair value of the acquired items and the recorded amount surrendered reported as a gain or loss? (SFFAS 3, par. 21 &amp; 43)</p>				
<p>101. Are abnormal costs associated with operating materials and supplies, such as excessive handling or rework costs, charged to operations of the period? (SFFAS 3, par. 43)</p>				
<p>102. Are any gains or losses resulting from periodic inventory revaluations recognized as unrealized holding gains and losses and captured in a designated allowance account? (SFFAS 3, par. 23 &amp; 24)</p>				

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<b>Costs Inventory, Material, Supplies, and Commodities (96 – 104)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
103. Is the cost of stockpile materials removed from the corresponding asset account and reported as an operating expense when issued for use or sale? (SFFAS 3, par. 52)				
104. Are abnormal costs of stockpile materials, such as excessive handling and rework costs, expensed in current operations? (SFFAS 3, par. 53)				

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<b>Costs</b> <b>Property, Plant, and Equipment</b> <b>(105 – 119)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>A common expense related to PP&amp;E that is included in the Statement of Net Cost is depreciation. Other current expenses related to PP&amp;E are all costs of acquiring and maintaining federal mission and heritage PP&amp;E and stewardship land. (SFFAS 6, par. 35, 53, 61, &amp; 69)</p> <p>Depreciation expense is calculated through systematic and rational allocation of the cost of general PP&amp;E, less its estimated salvage or residual value, over its estimated useful life. (GAO/AIMD-21.1.1 SFFAS 6, par. 35)</p>				
<p>105. Is depreciation of general PP&amp;E recognized as an expense of the period? (SFFAS 6, par. 35)</p>				
<p>106. If historical cost information has not been maintained for existing general PP&amp;E, does the entity depreciate or amortize the estimated residual values over its remaining useful life in a systematic and rational manner? (SFFAS 6, par. 35, 40, &amp; 41)</p>				
<p>107. In an exchange transaction with a nonfederal entity, is the difference between the book value (i.e., cost less accumulated depreciation) of general PP&amp;E surrendered and the cost of PP&amp;E acquired recognized as either a gain or a loss? (SFFAS 6, par. 32)</p>				
<p>108. In the event that cash consideration is included in the exchange, is the cost of general PP&amp;E either increased by the amount of cash consideration surrendered or decreased by the amount of cash consideration received? (SFFAS 6, par. 32)</p>				

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<b>Costs Property, Plant, and Equipment (105 - 119)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
109. Is the expected net realizable value of a general PP&E asset that has been prematurely removed from service adjusted at the end of each accounting period, and is any adjustment made recognized as either a gain or loss? (SFFAS 6, par. 39)				
110. When assets have been removed from general PP&E in anticipation of disposal, retirement, or removal from service, has the entity stopped recording depreciation and amortization expenses for such assets? (SFFAS 6, par. 38)				
111. Is the cost of acquiring, constructing, improving, reconstructing, or renovating — as well as the cost incurred to bring national defense PP&E to its current condition and location — recognized as an expense on the Statement of Net Cost when incurred, and is this disclosed in the notes as a “cost of national defense PP&E”? (SFFAS 6, par. 53 & SFFAS 8, par. 65-67, & 119; SFFAS 11, par. 7 & 16; OMB Bull. 97-01, pp. 27 & 71)				
112. Are costs to acquire, improve, reconstruct, or renovate heritage assets, other than multiuse heritage assets, recognized on the Statement of Net Cost for the period in which the costs are incurred? (SFFAS 16, par. 8; OMB Bull. 97-01, pp. 27 & 71)				

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<b>Costs Property, Plant, and Equipment (105 - 119)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
113. Do the recognized costs of heritage assets also include all costs incurred during the period to bring the items to their current condition? (SFFAS 16, par. 8)				
114. If the fair value of donated or bequeathed heritage assets is not known or reasonably estimable, is information as to the type and quantity of assets received disclosed? (SFFAS 16, par. 10; OMB Bull. 97-01, p. 71)				
115. Are costs to acquire, as well as costs incurred to bring the stewardship land to its current condition or intended use, recognized as a cost of the period incurred and disclosed as "Cost of Stewardship Land?" (SFFAS 6, par. 69 & 73; SFFAS 8, par. 77 & 119; OMB Bull. 97-01, pp. 27 & 71)				
116. Is the fair value, if known and material, of stewardship land acquired through donation or devise disclosed in notes to the Statement of Net Cost? (SFFAS 6, par. 71; OMB Bull. 97-01, p. 71)				
117. If the fair value of donated or willed stewardship land is not estimable, is information as to the type and quantity of assets received disclosed in notes to the Statement of Net Cost, if material? (SFFAS 6, par. 71; OMB Bull. 97-01, p. 71)				

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<b>Costs Property, Plant, and Equipment (105 - 119)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
118. If land included in general PP&E is transferred to another federal entity to be used as stewardship land is the cost to the receiving entity of the transferred land recorded at the book value on the transferring entity's books? (SFFAS 6, par. 72)				
119. If the receiving entity does not know the book value of the transferred land is the transfer disclosed in the notes to the Statement of Net Cost, if material? (SFFAS 6, par. 72)				

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<b>Costs</b> <b>Cleanup Costs</b> <b>(120 - 127)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Cleanup costs are the costs of removing, containing, or disposing of (1) hazardous waste from property or (2) material or property that consists of hazardous waste upon permanent or temporary closure or shutdown of associated PP&E. Cleanup costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and postclosure costs (SFFAS 6, par. 85 & 87)				
120. When general PP&E is placed into service, does the entity do the following?  a. estimate and disclose total cleanup costs  b. apportion cleanup costs over the useful life of the asset in a rational and systematic manner, based on the physical capacity of the PP&E or, if physical capacity is not useful or estimable, on the estimated useful life  c. begin expensing and accumulating a liability on a pro rata basis for unfunded cleanup expenses (SFFAS 6, par. 94-98, 186, 188, & 234-239)				
121. In estimating cleanup costs and liability, has the entity considered the following?  a. the level of restoration to be performed  b. current legal and regulatory requirements  c. current technology  d. current costs (i.e., the costs of acquiring during the current period all goods and services included in the cleanup estimate) (SFFAS 6, par. 95)				

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<b>Costs Cleanup Costs (120 - 127)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
122. Are estimated cleanup costs periodically revised to account for material changes due to inflation or deflation and changes in regulations, plans, or technology? (SFFAS 6, par. 96 & 189)				
123. If cleanup costs are reestimated, are the cumulative changes related to current and past operations of general PP&E immediately recognized as an expense and is the corresponding liability adjusted? (SFFAS 6, par. 99 & 190)				
124. When stewardship PP&E is placed into service, does the entity expense the total estimated cleanup costs and establish a liability in the period the asset is placed into service? (SFFAS 6, par. 101)				
125. If cleanup costs for stewardship PP&E are reestimated, are any adjustments to the liability associated with cleanup costs expensed in the period of the change in estimate? (SFFAS 6, par. 102)				
126. Are payments for cleanup costs recognized as a reduction in the liability for cleanup costs? (SFFAS 6, par. 103)				

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<b>Costs Cleanup Costs (120 - 127)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
127. Does the entity disclose the following? a. the applicable laws and regulations covering cleanup requirements b. the method for assigning estimated total cleanup costs to current operating periods (e.g., physical capacity versus passage of time) c. the unrecognized portion of estimated total cleanup costs for cleanup costs associated with general PP&E d. material changes in total estimated cleanup costs due to changes in laws, technology, or plans, as well as the portion of the change in cleanup cost estimates that relate to prior period operations e. the nature of estimates and information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations (SFFAS 6, par. 107 - 111: OMB Bull. 97-01, p . 69)				

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<b>Costs Interest (128 -129)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Interest costs are generally related to securities and other debt instruments issued by the U.S. Treasury or other federal agencies. (SFFAS 5, par. 47 - 48)				
128. Does the related interest cost of federal debt include the following?  a. the accrued (prorated) share of the nominal interest incurred during the accounting period  b. the amortized discounts or premiums for each accounting period for fixed value securities  c. the amount of change in the current value for the accounting period for variable value securities (SFFAS 5, par. 53)				
129. If securities are retired before maturity, is the difference between the reacquisition price and net carrying value recognized as a gain or loss? (SFFAS 5, par. 54)				

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<b>Costs Insurance and Subsidies (130 -133)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Federal insurance and guarantee programs are established to subsidize providing insurance to achieve social objectives or assume risks that private sector entities are unwilling or unable to assume. A premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits using contract conditions. (SFFAS 5, par. 97, 102, & 120)				
130. If an insured event has occurred as of the financial statement reporting date, has the federal entity recognized an expense and, if the claim has not been paid, a liability? (SFFAS 5, par. 104 & 109)				
131. Are changes in estimates of claims resulting from the present value calculations, the continual review process, and differences between the estimates and actual payments for claims recognized as charges against operations of the period in which the estimates are changed or payments are made? (SFFAS 5, par. 109)				
132. If the liability for future [insurance] policy benefits using current conditions exceeds the liability for future policy benefits under contract conditions (resulting in a premium deficiency), is the difference recognized as a change to operations in the current period? (SFFAS 5, par. 120)				

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<b>Costs Insurance and Subsidies (130 -133)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
133. Does the entity recognize an expense for social insurance benefits paid during the reporting period plus any increase (or less any decrease) in the liability for social insurance from the end of the prior period to the end of the current period? (SFFAS 17, par. 22 & 59)				

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
In accordance with the Credit Reform Act of 1990, a subsidy expense is recognized for direct or guaranteed loans disbursed during the fiscal year. The amount of the subsidy expense equals present value of estimated cash outflows over the life of the loans minus the present value of the estimated cash inflows. (SFFAS 2, par. 6, 7, & 24)				
134. Are the following true of the present values of estimated net cash outflows resulting from the post-1991 direct or loan guarantee programs?  a. They are discounted at the interest rate of marketable Treasury securities with similar maturities.  b. They are recognized as expenses in the year the loan is disbursed. (SFFAS 2, par. 24 & app. B, part I A)				
135. Are the following components of estimated subsidy costs (and offsetting receipts) of post-1991 loans and guarantees separately recognized and disclosed?  a. the interest subsidy costs  b. default costs  c. the present value of fees and other collections  d. other subsidy costs (SFFAS 2, par. 25 - 29, & app. B, part I A; OMB Bull. 97-01, items H & I, pp. 51, 52, 55, & 56)				

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<b>Costs Credit Programs (134 – 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
136. Is the subsidy cost allowance for post-1991 direct loans amortized using the interest method? <sup>5</sup> (SFFAS 2, par. 30, app. B, part I B(2))				
137. If the effective interest for post-1991 direct loans is less than the nominal interest, is the subsidy cost allowance increased by the difference and recognized as a reduction in interest income? (SFFAS 2, par. 30 & app. B, part I B(2))				
138. If the effective interest for post-1991 direct loans is greater than the nominal interest, is the subsidy cost allowance decreased by the difference and recognized as an increase in interest income? (SFFAS 2, par. 30 & app. B, part I B(2))				
139. Is interest accrued and compounded on the liabilities of post-1991 loan guarantees at the interest rate that was originally used to calculate the present value of the loan guarantee liabilities when the guaranteed loans were disbursed? (SFFAS 2, par. 31 & app. B, part III B(2))				
140. Is the interest accrued on the liabilities of post-1991 direct loan guarantees recognized as an interest expense? (SFFAS 2, par. 31 & app. B, part III B(2))				

<sup>5</sup> Under the interest method, the amortized amount is the difference between the nominal interest (face amount of loan times stated interest) and effective interest (present value of loan times discount rate) (SFFAS 2, app. C glossary).

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
141. Are allowances for subsidy costs of post-1991 direct loans and liabilities for guarantees outstanding for more than 1 year reestimated as of the date of the financial statements? ( SFFAS 2, par. 32)				
142. Is any increase (or decrease) in the subsidy cost allowance of post-1991 direct loans or loan guarantee liabilities resulting from the reestimates recognized as a subsidy expense (or a reduction in subsidy expense)? (SFFAS 2, par. 32 & app. B, parts I B(1) & III B(I); OMB Bull. 97-01, item H.2, pp. 51 & 55)				
<p>Two kinds of reestimates for the subsidy cost allowance for outstanding direct loans and the liability for outstanding loan guarantees are (1) interest rate reestimates and (2) technical/default reestimates. An interest rate reestimate results from changing the interest rates from those that were assumed in budget preparation and used in calculating the subsidy expense to the interest rates that are prevailing during the periods in which the direct or guaranteed loans are disbursed. A technical/default reestimate results from changes in projected cash flows of outstanding direct loans and loan guarantees after reevaluating the underlying assumptions and other factors (except for interest rate reestimates) that affect cash flow projections as of the financial statement date. (SFFAS 18, par. 9)</p> <p>Cohort, as it is used here, is a budget term that refers to all direct loans or loan guarantees of a program for which a subsidy appropriation is provided for a given fiscal year, even if disbursements occur in subsequent years. For direct loans and loan guarantees for which a subsidy appropriation is provided for 1 fiscal year, the cohort will be defined for that fiscal year. For direct loans and loan guarantees for which multiple year or no year appropriations are provided, the cohort is defined by the year of obligation. (SFFAS 18, glossary)</p>				

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
143. Does the entity measure and disclose reestimates of allowances for subsidy costs of post-1991 loans and liabilities for guarantees in two components separately, specifically, the interest rate reestimate and the technical/default reestimate? (SFFAS 18, par. 9 & 12)				
144. If the assumed interest rates used in calculating the subsidy expenses for cohorts from which direct or guaranteed loans are disbursed differs from the rates prevailing at the time of the loan disbursement, is an interest rate reestimate for those cohorts made as of the date of the financial statements? (SFFAS 18, par. 9 (A))				
145. Do technical/default reestimates take into consideration all factors that may have affected various components of projected cash flows, including defaults, delinquencies, recoveries, and prepayments? (SFFAS 18, par. 9 (B))				
146. Are technical/default reestimates for each cohort made as of the date of the financial statements? (SFFAS 18, par. 9 (B))				

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<b>Costs Credit Programs (134 – 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
147. Is any increase (or decrease) in the subsidy cost allowance of post-1991 direct loans or loan guarantee liabilities resulting from the reestimates recognized as a subsidy expense (or a reduction in subsidy expense)? (SFFAS 18, par. 9; OMB Bull. 97-01, item H.2, pp. 51 & 55)				
148. In a note to the financial statement, does the entity display reconciliation between the beginning and ending balances of the following? a. the subsidy cost allowances for outstanding direct loans b. the liability for outstanding loan guarantees reported in the entity's balance sheet (SFFAS 18, par. 10, 18 – 30, & app. B)				
149. Does the reconciliation of beginning and ending subsidy cost allowances and loan guarantee liability balances include changes in the following? a. interest subsidy costs, default costs, fees and other collections, and other subsidy costs b. interest rate and technical/default reestimates c. other adjustments (SFFAS 2, par. 25 – 29; SFFAS 18, par. 10 & app. B)				

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
150. For direct loans, do other adjustments include loan modifications, fees received, loans written off, foreclosed property or other recoveries acquired, and subsidy allowance amortization? (SFFAS 18, par. 10 & app. B, schedule A)				
151. For loan guarantees, do other adjustments include loan guarantee modifications, fees received, interest supplements paid, claim payments made to lenders, foreclosed property or other recoveries acquired, and interest accumulated on the loan guarantee liability? (SFFAS 18, par. 10 & app. B, schedule B)				

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<b>Costs Credit Programs (134 – 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>152. In its notes to the financial statements, does the entity include a description of the characteristics of the program it administers, including the following?</p> <ul style="list-style-type: none"> <li>a. the total amount of direct or guaranteed loans disbursed for the current and preceding reporting years</li> <li>b. interest subsidy costs, default costs, fees and other collections, and other subsidy costs</li> <li>c. interest rate and technical/default restimates (SFFAS 2, par. 25 – 29; SFFAS 18, par. 10 &amp; 11 (A))</li> </ul>				
<p>153. Does the reporting entity disclose at the program level, the subsidy rates<sup>6</sup> for the following?</p> <ul style="list-style-type: none"> <li>a. interest subsidy costs</li> <li>b. default costs (net of recoveries)</li> <li>c. fees and other collections</li> <li>d. other costs estimated for direct loans and loan guarantees in the current year's budget for the current year's cohorts (SFFAS 18, par. 11 (B), 31 &amp; 33 – 38)</li> </ul>				

<sup>6</sup> The subsidy rate is the dollar amount of the subsidy component as a percentage of the direct loans or loan guarantees obligated in the cohort.

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
154. If the entity uses trend data to display significant fluctuations in subsidy rates, are these data accompanied with an analysis that explains the underlying causes for the fluctuations? (SFFAS 18, par. 11 (B) & 32)				
155. Does the reporting entity disclose, discuss, and explain events and changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expenses, and subsidy reestimates? (SFFAS 18, par. 11 (C), 39, 41, & 43 - 49)				
156. Do changes in legislation or credit policies include, for example, changes in borrowers' eligibility, the levels of fees or interest rates charged to borrowers, the maturity of loan terms, and the percentage of a private loan that is guaranteed? (SFFAS 18, par. 11 (C) & 42)				
157. Does the disclosure and discussion also include events and changes that have occurred and are more likely than not to have a significant impact, but whose effects are not measurable at the reporting date? (SFFAS 18, par. 11 (C) & 41)				

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<b>Costs Credit Programs (134 – 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
158. Are default costs estimated and periodically reestimated for each post-1991 loan and loan guarantee program on the basis of separate cohorts and risk categories? (SFFAS 2, par. 33)				
159. In estimating default costs, has the entity considered the following factors?  a. loan performance experience  b. the current and forecasted international, national, or regional economic conditions that may effect the performance of the loans  c. financial and other relevant characteristics of borrowers  d. the value of collateral to loan balance  e. changes in recoverable value of collateral  f. newly developed events that could affect the loans' performance  g. improvements in methods to reestimate defaults (SFFAS 2, par. 34)				
160. In estimating and reestimating current and projected future default costs for each group, cohort, and risk category of loan and guarantee, has the agency used a consistent and systematic methodology? (SFFAS 2, par. 35 & 36)				

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**Section IV****Statement of Net Cost****DRAFT**

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
161. Are unbudgeted subsidy expenses resulting from reestimates disclosed in a note to the financial statements? (OMB Bull. 97-01, item K, p. 56)				
162. Is interest (at the discount rate in effect when the loans were first disbursed) accrued on post-1991 direct loans, including amortized interest, recognized as interest income? (SFFAS 2, par. 37 & app. B, part I B(2) & C)				
163. Is interest (at the original discount rate) accrued on debt to the Treasury arising from post-1991 direct loans recognized as interest expense? (SFFAS 2, par. 37 & app. B, part I B(2) & C)				
164. Is interest (at the discount rate in effect when the loans were first disbursed) accrued on liability of post-1991 loan guarantees recognized as interest expense? (SFFAS 2, par. 37 & app. B, part III B(2) & C)				
165. Is interest (at the original discount rate) due from the Treasury on uninvested funds associated with post-1991 loan guarantee liabilities recognized as interest income? (SFFAS 2, par. 37 & app. B, part III B(2) & C)				

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
166. Are costs for administering credit activities (such as salaries, legal fees, and servicing) incurred in support of direct loan and guaranteed loan programs recognized as an administrative expense and not included in direct loan and loan guarantee subsidy costs? (SFFAS 2, par. 38 & app. B, part I C)				
167. Are administrative expenses for loans and guarantees broken out and disclosed by program, if material? (OMB Bull. 97-01, note 7, item J, pp. 52 & 56)				
168. Are losses (as well as valuation allowances and corresponding liabilities) of direct loans obligated and loan guarantees committed before October 1, 1992, recognized when it is likely than that the direct loans will not be totally collected or that the loan guarantees will require a future cash outflow to pay default claims? (SFFAS 2, par. 39)				
169. If, at the time of the foreclosure, the expected net realizable value of pre-1992 foreclosed property is less than the cost (i.e., the carrying amount of the loan), is the loss charged to operations and tracked in a valuation allowance account? (SFFAS 3, par. 86)				

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
170. If the pre-1992 foreclosed asset's net realizable value subsequently increases or decreases, does the entity credit or charge this amount to results of operations and adjust the valuation allowance? (SFFAS 3, par. 86)				
171. Upon sale, is any difference between the net carrying amount of foreclosed property and the net proceeds of the sale recognized as a component of operating results? (SFFAS 3, par. 89)				
172. For post-1991 foreclosed property, is interest income accrued from the previous periodic adjustment in the carrying amount up to the sale date? (SFFAS 3, par. 89)				
173. Is the resulting difference between the adjusted carrying amount of the post-1991 foreclosed property and the net sales proceeds recognized as a reestimate of "subsidy expense?" (SFFAS 3, par. 89)				
174. For pre-1992 foreclosed property is the difference between the carrying amount and net sales proceeds recognized as a gain or a loss on the sale of foreclosed property? (SFFAS 3, par. 89)				

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>The cost of the modification is the excess of the premodification value of a direct loan (or postmodification liability of loan guarantees) over the postmodification value of a direct loan (or premodification liability of loan guarantees), both of which have been discounted at the current Treasury rate. (SFFAS 2, par. 45, notes 3 &amp; 4 &amp; par. 49, notes 6 &amp; 7)</p> <p>A gain from a modification occurs when the cost of a modification is greater than the decrease in book value of a direct loan (or increase in the liability of a loan guarantee) that has been discounted at the original Treasury rate. (SFFAS 2, par. 46, par. 48 note 5, par. 50 &amp; par. 52 footnote 8)</p> <p>Conversely, a loss from a modification occurs when the cost of a modification is less than the decrease in book value of a direct loan (or increase in the liability of a loan guarantee) that has been discounted at the original Treasury rate. (SFFAS 2, par. 46, par. 48 note 5, par. 50 &amp; par. 52 note 8)</p> <p>A sale of a post-1991 loan and pre-1992 direct loan is treated as a direct modification of the loans sold. The cost of modification is determined on the basis of the premodification value of the loans sold. (SFFAS 2, par. 53 &amp; 54)</p>				
175. If pre-1992 or post-1991 loans are modified, is the excess of the premodification value <sup>7</sup> over the post-modification value <sup>8</sup> recognized as a modification expense or cost? (SFFAS 2, par. 45 & app. B, parts I D(1 - 3) & II B(1 - 3))				

<sup>7</sup> This is the present value of the net cash flows under premodification terms discounted at the current Treasury rate.

<sup>8</sup> This is the present value of the net cash flows under postmodification terms discounted at the current Treasury rate.

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# Statement of Net Cost

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
176. If the cost of modifying pre-1992 or post-1991 loans is greater than the decrease in the loans' book value <sup>9</sup> is the difference recognized as a gain? (SFFAS 2, par. 48 & app. B, parts I D(4 & 5) & II B (4))				
177. If the cost of modifying pre-1992 or post-1991 loans is less than the decrease in the loans' book value, is the difference recognized as a loss? (SFFAS 2, par. 48 & app. B, parts I D(4 & 5), & part II B(4))				
178. If pre-1992 or post-1991 loan guarantees are modified, is the excess of the postmodification liability <sup>10</sup> over the premodification liability <sup>11</sup> recognized as a modification expense? (SFFAS 2, par. 49 & app. B, parts III D(1 - 3), & IV B (1 - 3))				
179. If the premodification value of post-1991 and pre-1992 loans sold <sup>12</sup> exceeds the net proceeds from the sale, is the excess treated as the cost of modification and recognized as a modification expense? (SFFAS 2, par. 45 & 53 & app. B, part I F(1))				

<sup>9</sup> This is the difference between the premodification and the postmodification values discounted at the original (premodification) discount rate.

<sup>10</sup> This is the present value of the net cash flows under postmodification terms discounted at the current Treasury rate.

<sup>11</sup> This is the present value of then net cash flows under premodification terms discounted at the current Treasury rate.

<sup>12</sup> This is the present value of the loans' net cash inflows discounted at the current discount rate.

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**Section IV****Statement of Net Cost****DRAFT**

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
180. If a loan is sold with recourse, are estimated losses recognized as a subsidy expense and loan guarantee liability? (SFFAS 2, par. 54)				
181. If the cost of modifying pre-1992 or post-1991 loan guarantees is greater than the increase in the book value of the related loan guarantee liabilities, <sup>13</sup> is the difference recognized as a gain? (SFFAS 2, par. 52 & app. B, parts III D(4 & 5) & IV B (5))				
182. If the cost of modifying pre-1992 or post-1991 loan guarantees is less than the increase of the related loan guarantee liabilities, is the difference recognized as a loss? (SFFAS 2, par. 52 & app. B, parts III D(4 & 5) & IV B (5))				
183. If the modification expense arising from a loan sale is greater than the book value loss, is the difference recognized as a gain? (SFFAS 2, par. 55 & app. B, part I F(2))				

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<sup>13</sup> This is the difference between the premodification and the postmodification values discounted at the original discount rate.

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<b>Costs Credit Programs (134 - 184)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
184. If the modification expense arising from a loan sale is less than the book value loss, is the difference recognized as a loss? (SFFAS 2, par. 55 & app. B, part I F (2))				

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**Section V****Statement of Changes in Net Position –****DRAFT**

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The 35 questions related to the Statement of Changes in Net Position are presented under 10 line item captions as follow.

	<u>Question Numbers</u>
1. Net Cost of Operations	1 - 2
2. Appropriations Used	3 - 4
3. Taxes and Other Nonexchange Revenues	5 - 12
4. Donations	13
5. Imputed Financing	14
6. Transfers	15 - 18
7. Modifications	19 - 24
8. Prior Period Adjustments	25 - 31
9. Unexpended Appropriations	32 - 33
10. Net Position	34 - 37

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<b>Net Cost of Operations (1 - 2)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
The Statement of Changes in Net Position reports the beginning net position, the items that caused net position to change during the reporting period, and the ending net position. (SFFAS 7 Imple. Guide, par. 63; OMB 97-01, p. 31)				
1. Does the amount reported for "net cost of operations" correspond to the amount reported on the current year's Statement of Net Cost? (OMB Bull. 97-01, p. 31)				
2. Is nonexchange revenue recognized as a financing source in calculating the net results of operations (and not as a deduction in determining the net cost of operations)? (SFFAS 7, par. 60)				

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<b>Appropriations Used (3 - 4)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
3. Are "appropriations used" recognized as a financing source in determining the net results of operations when, under authority of the appropriation, goods and services are received or benefits or grants are provided? (SFFAS 7, par. 72, 212, 214, 331, & 332; OMB 97-01, p. 31)				
4. Do appropriations used exclude the following appropriations?  a. appropriations of dedicated tax receipts and donations  b. appropriations used by collecting entities to provide refunds of monies deposited to Treasury or trust funds  c. appropriations used for repayment of debt (SFFAS 7, par. 332; OMB 97-01, p. 31)				

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<b>Taxes/Nonexchange Revenues (5 - 12)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
5. Does the entity recognize taxes and other nonexchange revenues to which it is legally entitled and which it does not transfer to other entities? (SFFAS 7, par. 48, 49, & 176; SFFAS 7, Imple. Guide, par. 65 & 95)				
6. Is nonexchange revenue recognized when the government's claim to resources can be characterized as follows?  a. specifically identifiable  b. legally enforceable  c. reasonably measurable  d. more likely than not collectable (SFFAS 7, par. 48)				

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<b>Taxes/Nonexchange Revenues (5 - 12)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>7. Are the following transactions recognized as taxes and other nonexchange revenues from the public?</p> <ul style="list-style-type: none"> <li>a. individual and corporate income taxes, social insurance taxes and contributions, excise taxes, estate and gift taxes, and customs duties</li> <li>b. social insurance taxes, and contributions paid by federal employees</li> <li>c. deposits by states for unemployment trust funds</li> <li>d. user fees and harbor maintenance trust fund payments</li> <li>e. customs service fees</li> <li>f. deposits of earnings from the Federal Reserve System</li> <li>g. donations</li> <li>h. fines and penalties</li> <li>i. penalties due to delinquent taxes in connection with custodial activity</li> <li>j. forfeitures (SFFAS 7, par. 49, 61 - 63, 242 - 257, 260 - 269, &amp; 305; SFFAS 7 Imple. Guide, par. 99 - 103)</li> </ul>				

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<b>Taxes/Nonexchange Revenues (5 - 12)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
8. Is seignorage <sup>1</sup> recognized as an “other” financing source when coins are delivered to the Federal Reserve Banks in return for deposits? (SFFAS 7, par. 305)				
9. Are the following transactions recognized as nonexchange revenue from other federal government entities? a. interest on Treasury securities held by trust funds and special funds (except revolving trust funds) when the predominant source of funds is from nonexchange revenue b. interest received by one fund from another c. employer entity contributions to social insurance programs (SFFAS 7, par. 306 – 310)				
10. Does the general fund recognize all nonexchange revenue not recognized by trust funds and other recipient entities? (SFFAS 7, par. 60.4)				
11. Does the general fund recognize in succeeding periods revenue that is determined, after the books have been closed for the period, to have been properly transferable (or improperly transferred) to other recipient entities? (SFFAS 7, par. 60.4)				

<sup>1</sup> This is the difference between the face value of newly minted coins less the cost of manufacture.

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<b>Taxes/Nonexchange Revenues (5 - 12)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
12. Are the following transactions recognized as nonexchange gains or losses from other federal government entities?  a. retirement of debt securities prior to maturity held by trust funds and special funds  b. cancellation of debt (SFFAS 7, par. 311 – 313)				

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**Section V****Statement of Changes in Net Position****DRAFT**

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<b>Donations (13)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
13. With the exception of stewardship PP&E, is the amount of revenue recognized as arising from donated operating materials and supplies and PP&E, equal to their estimated fair value at the time of donation? (SFFAS 3, par. 43; SFFAS 6, par. 30; SFFAS 7, par. 62, 258, 259, & 361; OMB Bull. 97-01, p. 31)				

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**Section V****Statement of Changes in Net Position****DRAFT**

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<b>Imputed Financing (14)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
14. Does the reporting entity recognize an imputed financing source equal to cost subsidies provided by another government entity (e.g., the difference between the employer entity's cost and its contribution to a retirement benefit plan) that have been imputed in the reporting entity's net cost? (SFFAS 4, par. 109; SFFAS 5, par. 75, 77, 78, 91, & 93; SFFAS 7, par. 70, 73, 220, & 333 - 337; OMB Bull. 97-01, p. 31)				

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<b>Transfers (15 - 18)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>15. When assets are transferred among governmental entities without reimbursement:</p> <p>a. Does the receiving entity recognize the transfer-in as an increase in financing sources in its statement of net position?</p> <p>b. Does the transferring entity recognize the transfer-out as a decrease in financing sources in its statement of net position? (SFFAS 7, par. 74, 220(b), par. 344 - 346; SFFAS 7 Imple. Guide, par. 65; OMB Bull. 97-01, pp. 31 &amp; 32)</p>				
<p>16. Are transferred assets recorded at the book value of the transferring entity, or, if the receiving entity does not know the book value, is the asset recorded at its estimated fair value as of the date of the transfer? (SFFAS 7, par. 74; OMB Bull. 97-01, pp. 31 &amp; 32)</p>				

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<b>Transfers (15 - 18)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
17. Is revenue recognized by the recipient entities as the sum of the following? a. cash or cash equivalents transferred to them by the collecting entities b. the net change in any related inter-entity balances between the collecting and the receiving entities (i.e., the amount to be transferred to the recipient entities from the collecting entity or vice versa) (SFFAS 7, par. 60)				
18. Is noncustodial exchange revenue transferred to another government entity or to the Treasury recognized as a "transfer-out" in determining the net results of operations? (SFFAS 7, par. 75 & note 18)				

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<b>Modifications (19 - 24)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
A modification means a federal government action, including new legislation or administration action, that directly or indirectly alters the estimated subsidy cost and present value of outstanding loans or the liability of loan guarantees. (SFFAS 2, par. 41)				
19. Is a gain <sup>2</sup> from the modification of post-1991 loans reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 48, & app. B, part I D(5))				
20. Is a loss <sup>3</sup> from the modification of post-1991 loans reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 48 & app. B, part I D(5))				
21. Is a gain <sup>4</sup> resulting from a modification of post-1991 loan guarantees reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 52 & app. B, part III D(5))				

<sup>2</sup> The excess of the cost of the modification over the decrease in loan book value discounted at the original Treasury rate.

<sup>3</sup> The excess of the decrease in loan book value, discounted at the original Treasury rate, over the cost of the modification.

<sup>4</sup> The excess of the cost of the modification over the increase in liability discounted at the original Treasury rate.

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**Section V****Statement of Changes in Net Position****DRAFT**

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<b>Modifications (19 - 24)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
22. Is a loss <sup>5</sup> resulting from a modification of post-1991 loan guarantees reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer" to offset the difference? (SFFAS 2, par. 52 & app. B, part III D(5))				
23. Is a gain on the sale of a post-1991 loan reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 55 & app. B, part I F(2))				
24. Is a loss on the sale of a post-1991 loan reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 55 & app. B, part I F(2))				

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<sup>5</sup> The excess of the increase in liability, discounted at the original Treasury rate, over the cost of the modification.

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<b>Prior Period Adjustments (25 - 31)</b>	<b>Y</b>	<b>N</b>	<b>NA</b>	<b>Explanation</b>
25. Are prior-period adjustments limited to corrections of errors and accounting changes with retroactive effect, including changes caused by the adoption of new federal financial accounting standards? (SFFAS 7, par. 76; OMB Bull. 97-01, p. 32)				
26. Are prior-period adjustments recognized as changes in cumulative results of operations? (SFFAS 7, par. 76; OMB Bull. 97-01, p. 32)				
27. If cost information for existing general PP&E has not been maintained, are the estimated values recorded in the appropriate asset and contra-asset accounts and the difference shown as a "prior-period adjustment" in the statement of changes in net position? (SFFAS 6, par. 40 & 43)				
28. If national defense, heritage PP&E, and stewardship land had been previously recognized as assets and contra-assets for balance sheet reporting, has the entity performed the following operations? a. netted out these accounts, charged the residual to "net position" b. shown the net change as a "prior-period adjustment" in the statement of changes in net position (SFFAS 6, par. 55; SFFAS 11, par. 7; SFFAS 16, par. 14)				

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<b>Prior Period Adjustments (25 - 31)</b>	<b>Y</b>	<b>N</b>	<b>NA</b>	<b>Explanation</b>
29. Conversely, if multiuse heritage assets are capitalized is the asset fair value added to the balance sheet and reported as "prior-period adjustment? (SFFAS 16, par. 15)				
30. If stewardship PP&E has been placed into service as of September 30, 1997, is a liability recognized, disclosed, and an adjustment made to net position as a "prior period adjustment" for following amounts? a. the portion of estimated cleanup costs incurred to date b. the estimated total cleanup costs as a liability if costs are not intended to be recovered primarily through user charges (SFFAS 6, par. 16 & 104 - 106; OMB 97-01, pp. 71 & 72)				
31. If prior-period adjustments are made to the current year's assets and liabilities and offset against net position: a. Are the amounts and circumstances disclosed in the notes? b. Are the published financial statements presenting prior year financial information left unchanged? (SFFAS 6, par. 55, 56, 63, 65, 75, 76, 105, & 106; OMB 97-01, pp. 71 & 72)				

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<b>Unexpended Appropriations (32 - 33)</b>	<b>Y</b>	<b>N</b>	<b>NA</b>	<b>Explanation</b>
32. Are unexpended appropriations reduced as appropriations are used? (SFFAS 7, par. 71)				
33. Are unexpended appropriations adjusted for other changes in budgetary resources, such as rescissions and transfers? (SFFAS 7, par. 71)				

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**Section V****Statement of Changes in Net Position****DRAFT**

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<b>Net Position (34 - 37)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
34. Is the "Net Position -- Beginning Period" consistent with "Net Position -- End of Period" on the prior year's balance sheet? (OMB Bull. 97-01, p. 32)				
35. Is "Net Position -- End of Period" reported in the Statement of Changes in Net Position consistent with "Total Net Position" reported in the current year's Balance Sheet? (OMB Bull. 97-01, pp. 15 & 32)				
36. Is the sum of the net increase or decrease in unexpended appropriations and the net change in the cumulative results of operations recognized as the "Change in Net Position?" (SFFAS 7, par. 71; SFFAS 7 Imple. Guide, par. 65 & 121, figure 3 & 4; OMB Bull. 97-01, pp. 30 & 32)				
37. Is the difference between "Net Position -- Beginning of Period" and "Net Position -- End of Period" equal to the "Change in Net Position?" (SFFAS 7, par. 71; SFFAS 7 Imple. Guide, par. 121, figures 3; OMB Bull. 97-01, pp. 30 & 32)				

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**Section VI****Statement of Budgetary Resources****DRAFT**

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The five questions in this section concern the statement of Budgetary Resources

<b>Statement of Budgetary Resources (1 – 5)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>The budget is the primary financial planning and control tool of the government. The Statement of Budgetary Resources and the related disclosures provide information about how budgetary resources were made available as well as their status at the end of the period. (SFFAS 7, par. 77; SFFAS 7 Imple. Guide, par. 68; OMB Bull. 97-01, p. 34)</p>				
<p>1. If the reporting entity’s financing comes either wholly or partially from budgetary resources, does the entity present in a “Statement of Budgetary Resources” the following disclosures?</p> <p>a. total budgetary resources available during the period including, if applicable</p> <p>i. new budget authority</p> <p>ii. direct spending authority</p> <p>iii. unobligated balances at the beginning of the period or transferred in during the period</p> <p>iv. spending authority from offsetting collections</p> <p>v. adjustments to budgetary authority</p> <p>b. the status of budgetary resources consisting, when applicable, of</p> <p>i. obligations incurred</p> <p>ii. unobligated balances that remain available at the end of the period</p>				

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**Statement of Budgetary Resources**

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<b>Statement of Budgetary Resources (1 - 5)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<ul style="list-style-type: none"> <li>iii. unobligated balances that are unavailable at the end of period, except to adjust or liquidate obligations chargeable to prior-period appropriations</li> <li>c. a statement of outlays during the period that displays               <ul style="list-style-type: none"> <li>i. obligations incurred less spending authority from offsetting collections and adjustments</li> <li>ii. obligated balances, net beginning of the period</li> <li>iii. obligated balances transferred, net</li> <li>iv. obligated balances net end of period (SFFAS 7, par. 77; &amp; SFFAS 7, Imple. Guide, par. 68 – 69; OMB Bull. 97-01, pp. 33 &amp; 34)</li> </ul> </li> </ul>				
2. Does the Statement of Budgetary Resources also present comparative prior-year budgetary information? (OMB Bull. 97-01, pp. 33 & 34)				
3. Is the recognition and measurement of budgetary information reported on the Statement of Budgetary Resources based on budget terminology, definitions, and guidance in OMB Circular A-34, "Instructions on Budget Execution," dated December 26, 1995? (SFFAS 7, par. 78; SFFAS 7, Imple. Guide, par. 69; OMB Bull. 97-01, p. 34)				
4. Is the information for each of the entity's major budget accounts presented as required supplementary information? (SFFAS 7, par. 78; OMB Bull. 97-01, pp. 34 & 78)				

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**Section VI****Statement of Budgetary Resources****DRAFT**

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<p>5. Does the entity disclose the following information about the status of its budgetary assets?</p> <ul style="list-style-type: none"><li>a. the amount of budgetary resources obligated for undelivered orders at the end of the period</li><li>b. available borrowing and contract authority at the end of the period</li><li>c. repayment requirements, financing sources for repayment, and other terms of borrowing authority used</li><li>d. material adjustments during the reporting period to budgetary resources available at the beginning of the year and an explanation thereof</li><li>e. existence, purpose, and availability of permanent indefinite appropriations</li><li>f. information about legal arrangements affecting the use of unobligated balances of budget authority, such as time limits, purpose, and obligation limitations</li><li>g. explanations of any material differences between the budgetary resources reported in the Statement of Budgetary Resources and "actual" amounts in the Budget of the U.S. Government</li><li>h. the amount of unfunded liabilities, and an explanation that includes identification of balance sheet components, when unfunded liabilities do not equal the total financing sources yet to be provided</li><li>i. the amount of any capital infusion received during the reporting period (SFFAS 7, par. 79 &amp; 209 – 212; SFFAS 7 Imple. Guide, par. 70-71; OMB Bull. 97-01, pp. 72 &amp; 73)</li></ul>				
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The questions related to the Statement of Financing are divided into a general category and six line items as follows.

	<u>Question Numbers</u>
1. General	1
2. Obligations and Nonbudgetary Resources	2 - 3
3. Resources That Do Not Fund Net Cost of Operations	4 - 5
4. Costs That Do Not Require Resources	6 - 7
5. Financing Sources Yet to be Provided	8
6. Net Cost of Operations	9
7. Disclosures	10

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**Section VII****Statement of Financing****DRAFT**

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<b>General (1)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Accrual based measures used in the Statement of Net Cost differ from the obligation based measures used in the Statement of Budgetary Resources. The Statement of Financing is designed to report those differences and facilitate the reconciliation between the two statements. (SFFAS 7, par. 80; SFFAS 7 Imple. Guide, par. 72 - 73; OMB Bull. 97-01, p. 36)				
1. Does the reconciliation between the budgetary and financial accounting information explain the relationship between budgetary resources obligated by the entity during the period and the net cost of operations? (SFFAS 7; par. 80, 91 - 94, & 217; SFFAS 7 Imple. Guide, par. 74 - 75)				

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<b>Obligations and Nonbudgetary Resources (2 - 3)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>2. To arrive at "total adjusted obligations and nonbudgetary resources," are "obligations incurred" reduced by such adjustments as the following?</p> <ul style="list-style-type: none"> <li>a. offsetting collections to expenditure accounts (e.g., receipts from the sale of capitalized assets, collections of loan principle, and related interest and reimbursements for services provided)</li> <li>b. increases in receivables from the public related to exchange revenues</li> <li>c. transfers-out of assets in the amount of their book value (SFFAS 7, par. 80; SFFAS 7 Imple. Guide, par. 77 - 81, 121 (figure 11), 140 - 152, 155, &amp; 168 - 170; OMB Bull. 97-01, pp. 35 &amp; 36)</li> </ul>				

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**Statement of Financing**

<b>Obligations and Nonbudgetary Resources (2 - 3)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>3. To arrive at “total adjusted obligations and nonbudgetary resources,” are “obligations incurred” increased by such adjustments as the following?</p> <ul style="list-style-type: none"> <li>a. imputed financing for cost subsidies</li> <li>b. transfers-in of assets in the amount of the book value, if known, or for the fair market value, if not known</li> <li>c. decreases in receivables from the public related to exchange revenues</li> <li>d. donations not accounted for in the budget (SFFAS 7, par. 80; SFFAS 7 Imple. Guide, par. 77 - 81, 121 (figure 16), 140 - 141, &amp; 146 - 152; OMB Bull. 97-01, pp. 35 &amp; 36)</li> </ul>				

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<b>Resources That Do Not Fund Net Cost of Operations (4 – 5)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>4. Are adjusted obligations and nonbudgetary resources reduced by certain changes in resources that do not fund net costs of operations, including the following?</p> <p>a. the amount of net increases in undelivered but obligated orders for goods, services, and benefits</p> <p>b. the cost of any capitalized good or service acquired during the year</p> <p>c. loans made (less subsidy expense)</p> <p>d. financing sources that fund costs of prior periods (e.g., appropriations for credit subsidies expensed in prior periods or decreases in unfunded liabilities, such as reductions in accrued annual leave liabilities)</p> <p>e. other resources that do not fund net costs of operations (SFFAS 7, par. 81; SFFAS 7 Imple. Guide, par. 82 – 85, 121 (figures 11 &amp; 16), 127 – 139, &amp; 153 –167; OMB Bull. 97-01, pp. 35 &amp; 36)</p>				

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**Statement of Financing**

<b>Resources That Do Not Fund Net Cost of Operations (4 – 5)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>5. Are adjusted obligations and nonbudgetary resources increased by certain changes in resources that do not fund net costs of operations, including the following?</p> <ul style="list-style-type: none"> <li>a. the amount of net decreases in undelivered and obligated orders for goods, services, and benefits</li> <li>b. collections of loan principal and related subsidy expenses</li> <li>c. removal of undepreciated portions of capitalized assets disposed of during the year</li> <li>d. other offsetting adjustments (SFFAS 7, par. 81; SFFAS 7 Imple. Guide, par. 82 - 85, 142 - 145, 146 – 152, &amp; 153 - 167; OMB Bull. 97-01, pp. 35 &amp; 36)</li> </ul>				

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<b>Costs That Do Not Require Resources (6 - 7)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
6. Are certain costs that do not require financing by either budgetary or nonbudgetary resources (e.g., depreciation and losses or expenses arising from revaluation of assets) added to adjusted obligations and nonbudgetary resources to arrive at net costs of operations? (SFFAS 7, par. 81; SFFAS 7 Imple. Guide, par. 86 – 89 & 121 (figures 11 & 16); OMB Bull. 97-01, pp. 35, 36, & 37)				
7. If the reimbursement for goods or services provided by one federal entity to another federal entity is less than the full cost, does the recipient entity recognize the difference in its accounting records as a financing source? (SFFAS 4, par. 109, 114, & 115)				

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**Section VII****Statement of Financing**

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<b>Financing Sources Yet to Be Provided (8)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
8. Are costs that are recognized in the current period but are to be financed in future periods (e.g., accrued expenses such as increases in annual leave, subsidy reestimates, and increases in postretirement benefit liabilities) reported as "financing sources yet to be provided?" (SFFAS 7, par. 81; SFFAS 7 Imple. Guide, par. 90 - 93 & 121 (figures 6 & 11); OMB Bull. 97-01, pp. 35 & 37)				

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**Section VII**  
**Statement of Financing**

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<b>Net Cost of Operations (9)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>9. Does the net cost of operations on the Statement of Financing agree with the net cost of operations on the Statement of Net Cost? (OMB Bull. 97-01, p. 37)</p>				

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**Section VII****Statement of Financing**

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<b>Disclosures (10)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
10. Are adjustments to the total of obligations and nonbudgetary resources presented and explained in a manner that clarifies the relationship between the obligation basis used in the budget and the accrual basis used in financial accounting? (SFFAS 7, par. 80 - 82)				

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**Section VIII****Statement of Custodial Activity****DRAFT**

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The questions related to the Statement of Custodial Activity are divided into five categories as follows.

	<u>Question Numbers</u>
1. General	1 - 2
2. Sources of Collections	3 - 8
3. Disposition of Collections	9 - 12
4. Disclosures	13 - 18
5. Dedicated Collections and Other Accompanying Information	19 - 27

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**Section VIII****Statement of Custodial Activity****DRAFT**

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<b>General (1 - 2)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Entities that collect nonexchange revenue for the General Fund of the Treasury, a trust fund, or other recipient entities account for the collection and disposition of these revenues in a Statement of Custodial Activity. (SFFAS 7 Imple. Guide, par. 58; OMB Bull. 97-01, p. 39)				
1. If the entity collects exchange revenue on behalf of other entities and recognizes little or no costs in earning that revenue, does the entity account for it as a custodial activity? (SFFAS 7, par. 45, 140 –145, & 270 –279; SFFAS 7 Imple. Guide, par. 51 – 57; OMB Bull. 97-01, p. 39)				
2. If the collecting entity is not legally entitled to retain a portion or all of the collected nonexchange revenue, is the receipt and disposition of that revenue reported in the Statement of Custodial Activity? (SFFAS 7, par. 48, 49, & 176; SFFAS 7 Imple. Guide, par. 58 - 62 & 95; OMB Bull. 97-01, p. 39)				

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**Section VIII****Statement of Custodial Activity****DRAFT**

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<b>Sources of Collections (3 – 8)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
3. Does the collecting entity measure taxes and duties on a cash basis and then modify that with an accrual adjustment to determine the amount of revenue to be recognized? (SFFAS 7, par. 49 & 52)				
4. Except for deposits <sup>1</sup> are cash collections based on amounts actually received <sup>2</sup> during the period? (SFFAS 7, par. 50 & 59)				
5. Are the components of cash collections classified by source and nature of collection, such as by type of tax or duty? (OMB Bull. 97-01, p. 39)				
6. Are cash refunds of nonexchange revenue based on refunds of taxes and duties during the period? (SFFAS 7, par. 51)				
7. Do cash refunds of nonexchange revenue for taxes and duties include "refund offsets" <sup>3</sup> and "drawbacks" <sup>4</sup> ? (SFFAS 7, par. 51)				

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<sup>1</sup> Deposits are amounts voluntarily paid to reporting entities such as those made pending settlements and judgments.

<sup>2</sup> These would include withholdings, estimated payments, final payments, collections of receivables, and prepayments.

<sup>3</sup> These are amounts withheld from refunds on behalf of other agencies and paid to such agencies.

<sup>4</sup> These are refunds of duties paid on imported goods that are subsequently exported or destroyed.

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**Section VIII****Statement of Custodial Activity****DRAFT**

<b>Sources of Collections (3 – 8)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
8. Are accrual adjustments separately reported in a footnote? <sup>5</sup> (SFFAS 7, par. 52; OMB Bull. 97-01, p. 39)				

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<sup>5</sup> Accrual adjustments are the net increases or decreases during the reporting period in accounts receivable, allowance for uncollectable accounts, and accounts payable for refunds.

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<b>Disposition of Collections (9 - 12)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
9. Is the disposition of collections, including amounts transferred to others, amounts yet to be transferred, and amounts retained by the collecting entity reported and broken out by recipient? (OMB Bull. 97-01, pp. 38, 39, & 40)				
10. Does the collecting entity report the change in liability for accrued and collected revenue yet to be transferred? (SFFAS 7 Imple. Guide, par. 61; OMB Bull. 97-01, p. 39)				
11. Are collections retained by the entity separately reported and treated as a disposition of revenue? (OMB Bull. 97-01, p. 40)				
12. In the statement of custodial activity, do total sources of collections equal total disposition of collections (revenue) so that the net custodial activity is zero? (SFFAS 7 Imple. Guide, par. 61; OMB Bull. 97-01, pp. 38 & 40)				

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<b>Disclosures (13 - 18)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
13. If custodial revenues are immaterial and incidental to the entity's primary mission and are not reported separately, are the sources and amounts of the collections and the amounts distributed to others disclosed in the accompanying footnotes? (OMB Bull. 97-01, pp. 39 & 73)				
14. Does the collecting entity disclose and explain the following information? a. the basis of accounting when application of the general rule for recognizing nonexchange revenue (i.e., specifically identifiable, legally enforceable, and reasonably estimable) results in a modified cash basis of accounting b. the specific potential accruals that are not made as a result of using the modified cash basis accounting c. the practical and inherent limitations affecting the accrual of taxes and duties d. the use of accrual based accounting if applicable (SFFAS 7, par. 48 & 64; OMB Bull. 97-01, p. 73)				

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<b>Disclosures (13 - 18)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
15. Do entities that collect taxes and duties disclose the following information in a note or narrative?  a. factors affecting the collectability and timing of accounts receivable and the amounts involved  b. revenue-related transactions affecting beginning and end-of-period balances of accounts receivable, accounts payable for refunds, and allowance for uncollectible amounts that would include the following  i. self-assessments by taxpayers (or importers)  ii. assessments by the entity  iii. penalties  iv. interest  v. cash collections applied to taxpayer accounts and unapplied collections  vi. refunds, refund offsets, and drawbacks  vii. abatements  viii. write-offs of accounts receivable  ix. provisions made to allowances for uncollectible amounts (SFFAS 7, par. 65.1 & 65.2; OMB Bull. 97-01, p. 73)				

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<b>Disclosures (13 - 18)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
16. Does the collecting entity disclose cumulative cash collections and refunds by tax year and type of tax in sufficient detail to illustrate historical timing and material trends? (SFFAS 7, par. 65.3; OMB Bull. 97-01, p. 73)				
17. If trust fund revenues are not recorded in accordance with applicable law, do the collecting and recipient entities disclose the reasons? (SFFAS 7, par. 66)				
18. If refunds are material in relation to gross collections, are they separately disclosed by components? (OMB Bull. 97-01, p. 39)				

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**Statement of Custodial Activity**

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<b>Dedicated Collections and Other Accompanying Information (19 - 27)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Dedicated collections are funds held with the expectation that they will be held for and applied to the purposes for which the funds were dedicated. Such funds include all funds within the budget classified as trust funds, those funds within the budget that are classified as “special funds” but that are similar in nature to trust funds, and those funds within the federal universe (inside or outside the budget) that are fiduciary in nature. (SFFAS 7, par. 83; OMB Bull. 97-01, p. 73)</p>				
<p>19. Does the management of a reporting entity identify, track, and disclose the receipts and expenditures of dedicated trust funds, "special funds," and fiduciary or deposit funds (both inside and outside the budget) that are under its purview? (SFFAS 7, par. 83, 226, 230 - 233, &amp; 370; OMB Bull. 97-01, p. 73)</p>				
<p>20. Does management provide separate financial information about these dedicated funds if they are material to the reporting entity, the beneficiary, or the contributors? (SFFAS 7, par. 84, 226, 230 - 233, &amp; 370)</p>				
<p>21. If a separate report is made to beneficiaries of or contributors to dedicated collections and the funds are not material to the reporting entity, are those immaterial funds combined for disclosure purposes? (SFFAS 7, par. 84 &amp; 85)</p>				

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**Statement of Custodial Activity**

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<b>Dedicated Collections and Other Accompanying Information (19 - 27)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>22. Is the following information reported for individual funds that account for deducted collections?</p> <ul style="list-style-type: none"> <li>a. a description of each fund's purposes, how the administrative entity accounts for and reports the fund, and its authority to use those collections</li> <li>b. the sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the government or the result of intragovernmental flows</li> <li>c. condensed information about assets and liabilities showing investments in Treasury securities, other assets, liabilities due and payable to beneficiaries, other liabilities, and fund balance</li> <li>d. condensed information on net cost and changes to fund balance showing revenues by type (exchange or nonexchange), program expenses, other expenses, other financing sources, and other changes in fund balance</li> </ul>				

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**Statement of Custodial Activity**

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<b>Dedicated Collections and Other Accompanying Information (19 - 27)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>22. (continued)</p> <p>e. the amounts of any revenues — other financing sources, or costs attributable to the fund under accounting standards — that are not legally allowable as credits or charges to the fund (SFFAS 7, par. 85)</p>				
<p>23. If revenues, other financing sources, or costs (such as item "e" of the previous question) are associated with but not legally allowable to a fund, does the larger reporting entity of which the fund is a component recognize them? (SFFAS 7, par. 86; OMB Bull. 97-01, p. 73)</p>				
<p>24. If more than one reporting entity is responsible for carrying out a program financed with dedicated collections, does the entity with the largest share take responsibility for reporting all revenues, other financing sources, assets, liabilities, and costs of the fund? (SFFAS 7, par. 87; OMB Bull. 97-01, p. 73)</p>				
<p>25. Are trust funds allowed to recognize revenue from excise taxes on the basis of assessments if information on actual collections is not currently available from the collecting entity? (SFFAS 7, par. 60.1)</p>				

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<b>Dedicated Collections and Other Accompanying Information (19 - 27)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>26. Is the amount of revenue accrued and recognized by the social security trust fund based on the best available information (i.e., on the basis of the higher of the amount of Internal Revenue Service (IRS) assessments or the amounts actually reported by employers to Social Security)? (SFFAS 7, par. 60.2 &amp; 177)</p>				
<p>27. Does the collecting entity report the following as other accompanying information?</p> <ul style="list-style-type: none"> <li>a. income tax burden borne by different classes of taxpayers and the effects of tax rates, deductions, credits, etc. (required of IRS)</li> <li>b. applicable information on the size of the tax gap, including               <ul style="list-style-type: none"> <li>i. explicit definitions of the estimated amounts reported (e.g., whether the tax gap includes estimates on illegally earned income)</li> <li>ii. appropriate explanations of the limited reliability of the estimates</li> <li>iii. cross references to portions of the tax gap due from identified noncompliant taxpayers and importers</li> </ul> </li> </ul>				

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<b>Dedicated Collections and Other Accompanying Information (19 - 27)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
c. tax expenditures related to entity programs, including appropriate explanations and qualifications  d. estimated directed flows of resources related to an entity's programs, including a description of the basis for the estimates and appropriate cautionary language about reliability (SFFAS 7, par. 69.1 - 69.4, 108, & 192 - 202; OMB Bull. 97-01, p. 80)				

## Section IX

# Notes to Financial Statements

**DRAFT**

The four questions in this section concern the disclosure of significant accounting policies.

<b>Notes to Financial Statements (1 - 4)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
1. Does the entity identify and describe accounting principles and applications it follows in a note to the financial statements? (OMB Bull. 97-01, p. 41, note 1)				
2. Does the entity's disclosure of its accounting policies include its rationale for the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources? (OMB Bull. 97-01, p. 41, note 1)				
3. Does the entity disclose any significant changes in its composition or manner in which it aggregates information for financial reporting purposes? (OMB Bull. 97-01, p. 41, note 1)				
4. If the changes have resulted in a new reporting entity, has the entity restated prior-period financial statements to correspond to the changes? (OMB Bull. 97-01, p. 41, note 1)				

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**Section X**  
**Supplementary Information****DRAFT**

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The questions related to the Supplementary Information are organized in nine categories as follows.

	<u>Question Numbers</u>
1. Required Supplementary Stewardship Information: Property, Plant and Equipment	1 – 19
2. Required Supplementary Stewardship Information: Stewardship Investments	20 – 41
3. Required Supplementary Stewardship Information: Risk Assumed Information	42 – 46
4. Required Supplementary Information: Custodial Activity	47 – 48
5. Required Supplementary Information: Segment Information	49 – 50
6. Required Supplementary Information: Deferred Maintenance	51 – 54
7. Required Supplementary Information: Intragovernmental Amounts	55 – 67
8. Required Supplementary Information: Social Insurance Programs	68 – 94
9. Required Supplementary Information: Management Discussion and Analysis	95 – 101

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**Supplementary Information**

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<b>Required Supplementary Stewardship Information: Property, Plant, and Equipment (1-19)</b>	Y	N	N/A	Explanation
<p>The standards for reporting on the federal government’s stewardship cover (1) certain resources entrusted to it that are identified as stewardship property, plant, and equipment and stewardship investments and (2) certain responsibilities assumed by it that cannot be measured in traditional financial reports.</p> <p>Stewardship property, plant, and equipment (PP&amp;E) consists of items whose characteristics resemble those of general PP&amp;E traditionally capitalized in financial statements. However, because of the nature of these assets, valuation may be of little benefit, and matching costs with specific periods would not be meaningful.</p> <p>Stewardship PP&amp;E includes:</p> <ul style="list-style-type: none"> <li>- heritage assets, such as federal monuments and memorials, that are of historical, natural, cultural, educational, or artistic significance;</li> <li>- national defense PP&amp;E such as military weapons systems; and</li> <li>- stewardship land, such as national forests and parks, that have not been acquired for or in connection to general PP&amp;E. (SFFAS 8, par. 9, 10, 11, &amp; 17; SFFAS 11, par. 3, 4 &amp; 7; OMB Bull. 97-01, p. 74)</li> </ul>				
<p>1. Are heritage assets reported as Required Supplementary Stewardship Information (RSSI) accompanying the financial statements rather than as an asset amount on the balance sheet? (SFFAS 8, par. 42 &amp; 47; OMB Bull. 97-01, p. 74)</p>				
<p>2. Are heritage assets reported in RSSI in terms of physical units rather than in terms of cost, fair value, or other monetary values? (SFFAS 8, par. 46; OMB Bull. 97-01, p. 74)</p>				

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<b>Required Supplementary Stewardship Information:  Property, Plant, and Equipment  (1-19)</b>	Y	N	N/A	Explanation
<p>3. Does the reporting entity provide in the RSSI section of the financial statements, when feasible and relevant, the following information about its heritage assets?</p> <ul style="list-style-type: none"> <li>a. a description of each major category of heritage asset</li> <li>b. a breakout by type of heritage asset of the number of physical units added, withdrawn, and on hand at the end of the reporting year</li> <li>c. a description of the methods of acquisition and withdrawal of heritage assets</li> <li>d. a description of the condition of the assets if not already disclosed in a note to the financial statements</li> <li>e. a reference to the Required Supplementary Information, if deferred maintenance has been reported for the assets (SFFAS 8, par. 50; OMB Bull. 97-01, p. 75)</li> </ul>				
<p>General national defense PP&amp;E are (1) the PP&amp;E components of weapons systems and support PP&amp;E owned by the Department of Defense or its component entities for use in the performance of military missions and (2) vessels held in a preservation status by the Maritime Administration's National Defense Reserve Fleet. (SFFAS 11, par. 8)</p>				

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<b>Required Supplementary Stewardship Information: Property, Plant, and Equipment (1-19)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
4. Is National Defense PP&E reported as RSSI? (SFFAS 8, par. 68; SFFAS 11, par. 16 & 22 – 24; OMB Bull. 97-01, p. 75)				
5. Do national defense PP&E components include the following items?  a. weapons systems PP&E (e.g., aircraft, ships, and tanks)  b. weapons systems support principal end items (e.g., radars, guidance systems, engines)  c. weapons systems support real property (e.g., ammunition bunkers, missile silos)  d. mission support PP&E (e.g., nontactical vehicles such as fuel tanker, combat operations center; crypto systems; and field security systems) (SFFAS 11, par. 9 & 14)				
6. Does national defense PP&E also include PP&E items in the possession of contractors? (SFFAS 11, par. 10 & 11)				

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**Supplementary Information**

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<b>Required Supplementary Stewardship Information: Property, Plant, and Equipment (1-19)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>7. Does national defense PP&amp;E exclude the following items?</p> <ul style="list-style-type: none"> <li>a. manufacturing and testing equipment</li> <li>b. operating materials and supplies</li> <li>c. stockpiled materials (SFFAS 11, par. 12 &amp; 13)</li> </ul>				
<p>8. Is national defense PP&amp;E valued and reported in RSSI using either of the following methods?</p> <ul style="list-style-type: none"> <li>a. the total cost method<sup>1</sup></li> <li>b. the latest cost acquisition method<sup>2</sup> (SFFAS 8, par. 60, 62, 63, &amp; 121; SFFAS 11, par. 22 – 24; OMB Bull. 97-01, p. 75)</li> </ul>				
<p>9. Is the valuation method chosen used on a consistent basis, and, if any change in method is made, is it justified? (SFFAS 8, par. 61; OMB Bull. 97-01, p. 75)</p>				

<sup>1</sup> historical cost plus costs of additions, improvements, alterations, rehabilitation, or replacements that extend useful life

<sup>2</sup> the latest invoice price of the most recent like item purchased

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<b>Required Supplementary Stewardship Information: Property, Plant, and Equipment (1-19)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
10. Do the costs assigned to an item of national defense PP&E also include all costs incurred to bring PP&E to a form and location suitable for its intended use? (SFFAS 8, par. 64)				
11. Does the reporting entity include in its RSSI the acquisition-in-process costs of its national defense PP&E? (SFFAS 8, par. 67; SFFAS 11, par. 16 & 22 – 24)				

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**Supplementary Information**

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<b>Required Supplementary Stewardship Information:  Property, Plant, and Equipment  (1-19)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>12. Does the reporting entity include, at a minimum, in its RSSI the following information about its national defense PP&amp;E?</p> <ul style="list-style-type: none"> <li>a. a description of major types of national defense PP&amp;E including assigned values and valuation method</li> <li>b. a description of the methods of acquisition and withdrawal at the major program or category level</li> <li>c. beginning value</li> <li>d. value added</li> <li>e. value withdrawn</li> <li>f. revaluations</li> <li>g. ending value</li> <li>h. the overall condition of the assets (unless it is already reported with the deferred maintenance information included elsewhere in the report)</li> <li>i. a reference to the applicable information if deferred maintenance is reported for the assets (SFFAS 8, par. 17 &amp; 68; SFFAS 11, par. 16 &amp; 22 – 24; SFFAS 14, par. 10; OMB Bull. 97-01, p. 75)</li> </ul>				

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<b>Required Supplementary Stewardship Information: Property, Plant, and Equipment (1-19)</b>	Y	N	N/A	Explanation
13. Are federal land and land rights not acquired for or in connection to items of general PP&E reported as stewardship land in the RSSI section of the financial statements? (SFFAS 8, par. 73 - 74)				
14. Is stewardship land quantified and reported in terms of physical units (e.g., acres) in RSSI rather than as monetary amounts? (SFFAS 8, par. 75 - 76, 125, & 126; OMB Bull. 97-01, p. 75)				
15. If a structure acquired with stewardship land has a significant operating use (e.g., a recently constructed hotel or employee-housing block), is its cost capitalized and treated as general PP&E? (SFFAS 8, par. 78)				
16. If the fair value of stewardship land acquired through donation or devise is known and material, is it disclosed in the notes to the financial statements? (SFFAS 8, par. 79)				
17. If the fair value of the stewardship land acquired through donation or devise is not estimable, is information as to the type and quantity of the assets disclosed? (SFFAS 8, par. 79)				

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<b>Required Supplementary Stewardship Information:  Property, Plant, and Equipment  (1-19)</b>	Y	N	N/A	Explanation
18. Are costs incurred to prepare stewardship land for its intended use expensed as a part of the cost of stewardship land? (SFFAS 8, par. 80)				
19. With regard to stewardship land, does the reporting entity include in its RSSI the following information?  a. the number of physical units of stewardship land broken out by principal organization and category of major use  b. acquisitions, withdrawals, and ending balances broken out by major categories  c. methods of acquisition and withdrawal of stewardship land  d. the condition of the stewardship land, unless it is already reported with the deferred maintenance information included elsewhere in the report (in which case a reference to the information will suffice) (SFFAS 8, par. 81; SFFAS 14, par. 10; OMB Bull. 97-01, p. 75)				

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<b>Required Supplementary Stewardship Information: Stewardship Investments</b> (20 – 41)	Y	N	N/A	Explanation
<p>Stewardship investments are made by the federal government for the benefit of the nation. When incurred, they are treated as expenses in calculating net cost, but they are also separately reported as RSSI to highlight their long-term benefit. (OMB Bull. 97-01, pp. 75 &amp; 76)</p> <p>Stewardship investment includes</p> <ul style="list-style-type: none"> <li>- federally financed purchases, construction, or major renovation or physical property, including major equipment owned by state and local governments (i.e., grants for nonfederal physical property),</li> <li>- expenses incurred for education and training programs (except those for federal civilian and military personnel) that are intended to increase or maintain national productive capacity (i.e., human capital costs), and</li> <li>- expenses incurred to support the search for new or refined knowledge and ideas and their application in order to increase or maintain national productive capacity or yield other future benefits (i.e., research and development costs). (SFFAS 8, par. 83, 89, 90, &amp; 96; OMB Bull. 97-01, p. 76)</li> </ul>				
20. Are nonfederal physical property investments reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting as used for financial statement purposes? (SFFAS 8, par. 84)				
21. Are investments in nonfederal physical property and related cash grants recognized and reported as expenses in arriving at the net cost of operations? (SFFAS 8, par. 85; OMB Bull. 97-01, p. 76)				

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<b>Required Supplementary Stewardship Information: Stewardship Investments (20 – 41)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
22. Does the reporting entity provide in its RSSI a narrative description and nominal dollar breakout by meaningful category of expenses incurred for programs that fund the purchase, renovation, and replacement of PP&E owned by state and local governments for the year being reported on as well as at least the preceding 4 years? <sup>3</sup> (SFFAS 8, par. 84 - 87 & 122; OMB Bull. 97-01, p. 77)				
23. Does the reporting entity also include in its RSSI a description of federally owned physical property transferred to state and local governments for the year being reported on as well as at least the preceding 4 years? <sup>4</sup> (SFFAS 8, par. 87 & 128; OMB Bull. 97-01, p. 77)				
24. If expense data for the purchase of PP&E for state and local governments for the year being reported and for the preceding 4 years <sup>5</sup> are not available, does the entity report outlay data, if available? (SFFAS 8, par. 87)				

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<sup>3</sup> This four-year rule goes into full effect beginning with the fiscal year 2002 financial statements. Until then entities need only report prior-year data that is available. (OMB Bull. 97-01, p. 77)

<sup>4</sup> *ibid.*

<sup>5</sup> *ibid.*

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<b>Required Supplementary Stewardship Information: Stewardship Investments (20 – 41)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
25. If neither historical expense nor outlay data are available for the year being reported on and the preceding 4 years, <sup>6</sup> has the entity begun to report expense data for the current year? (SFFAS 8, par. 87)				
26. Are expenses incurred for program costs, contracts, or grants with split purposes <sup>7</sup> reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 86, 92, & 98)				
27. If an allocation of costs is not feasible, are the total expenses reported on the basis of the predominant application of the costs incurred for investments in nonfederal physical property, human capital, and research and development? (SFFAS 8, par. 86, 92, & 98)				
28. Does the entity report in its RSSI the amounts of significant contributions from state, local, private, and other sources to its investments in nonfederal physical property, human capital, and research and development? (This is not required, but encouraged.) (SFFAS 8, par. 88, 95, & 101)				

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<sup>6</sup> *ibid.*

<sup>7</sup> These are grants split among investments in nonfederal physical property, human capital, and research and development.

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<b>Required Supplementary Stewardship Information: Stewardship Investments (20 – 41)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
29. Is the investment in human capital based on expenses incurred, measured, and accounted for in accordance with SFFAS 4? (SFFAS 8, par. 91)				
30. Does the reporting entity include in its RSSI the dollar amount and a narrative description of its "investment in human capital" for the year being reported on as well as the preceding 4 years? <sup>8</sup> (SFFAS 8, par. 91 & 94; OMB Bull. 97-01, p. 77)				
31. Does the entity link its investments in human capital to outcomes that can be described in financial, economic, or quantitative terms? (SFFAS 8, par. 93; OMB Bull. 97-01, p. 76)				
32. If outcome data are not available, does the reporting entity report output data that best provide indications of the intended program outcomes? (SFFAS 8, par. 93)				
33. If expense data for the investments in human capital for the year being reported and for the preceding 4 years are not available, does the entity report outlay data, if available? (SFFAS 8, par. 94)				

<sup>8</sup> This four-year rule goes into full effect beginning with the fiscal year 2002 financial statements. Until then entities need only report prior-year data that is available. (OMB Bull. 97-01, p. 77)

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<b>Required Supplementary Stewardship Information: Stewardship Investments (20 – 41)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
34. If neither historical expense nor outlay data for the investments in human capital are available for the year being reported on and the preceding 4 years, has the entity begun to report expense data for the current year? (SFFAS 8, par. 94)				
35. Is expense or outlay data for investments in human capital reported at a meaningful category or level (e.g., by major program or department)? (SFFAS 8, par. 94)				
36. Is the investment in research and development based on expenses incurred, measured, and accounted for in accordance with SFFAS 4? (SFFAS 8, par. 97)				
37. Does the entity link its investments in research and development to program outcome data (e.g., narrative discussions of major discoveries and applications) that can be described in financial, economic, or quantitative terms? (SFFAS 8, par. 93 & 99; OMB Bull. 97-01, pp. 76 & 77)				
38. If outcome data are not available, does the reporting entity use output (e.g., number of publications, patents, scientific and engineering personnel funded) data that best provide indications of the intended program outcomes? (SFFAS 8, par. 99)				

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<b>Required Supplementary Stewardship Information: Stewardship Investments (20 – 41)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
39. Does the reporting entity include in its RSSI the dollar amount and a narrative description of its investment in major research and development programs for the year being reported on as well as the preceding 4 years? (SFFAS 8, par. 100; OMB Bull. 97-01, p. 77)				
40. If expense data for the investments in research and development for the year being reported and for the preceding 4 years are not available, does the entity report outlays, if available? (SFFAS 8, par. 100)				
41. If neither historical expense nor outlay data are available for the year being reported on and the preceding 4 years, has the entity begun to report expense data for the current year? (SFFAS 8, par. 100)				

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<b>Required Supplementary Stewardship Information: Risk Assumed Information (42 - 46)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>An assessment of stewardship responsibilities has two major components:</p> <p>risk assumed information, which is generally measured by the present value of unpaid expected losses net of associated premiums (but not yet recognized as a contingent liability) based on the risk inherent in the insurance or guarantee coverage in force (SFFAS 5, par. 105 &amp; 106; OMB Bull. 97-01, p. 77) and</p> <p>current services assessments, which provide receipt and outlay data on the basis of projections of future activities. Data on current service assessments would be presented as RSSI accompanying the consolidated financial statements of the federal government. (SFFAS 8, par. 101, 102, &amp; 105)</p>				
<p>42. Does the entity include in RSSI the current amount and periodic changes of "risk assumed" arising from insurance and guarantee programs? (SFFAS 5, par. 105, 106, 110; OMB Bull. 97-01, p. 77)</p>				
<p>43. Does the current service assessment provide a summary of projected outlays for the current base year and at least 6 years subsequent to the base year for defense, Social Security, Medicare, net interest functions, etc.? (SFFAS 8, par. 103)</p>				
<p>44. Does the current service assessment identify estimated receipts by major source (e.g., income taxes, social insurance taxes) that will be used to fund projected outlays for the current base year and 6 subsequent years? (SFFAS 8, par. 103)</p>				

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<b>Required Supplementary Stewardship Information: Risk Assumed Information (42 - 46)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
45. Does the current service assessment also provide an estimate of the current and projected (over the subsequent 6 years) deficit or surplus of receipts? (SFFAS 8, par. 103)				
46. Are current service assessment data included in the consolidated financial report of the U.S. government identical to the projected data published in the President's Budget for the same period (i.e., the base year [or last completed fiscal year] and six years subsequent to the base year)? (SFFAS 8, par. 104)				

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<b>Required Supplementary Information: Custodial Activity (47 – 48)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>47. Do entities that collect taxes and duties provide the following supplementary information?</p> <ul style="list-style-type: none"> <li>a. a discussion of the factors affecting the collectability of compliance assessments recognized as taxes receivable</li> <li>b. if reasonably estimable, claims for refunds not yet accrued but likely to be paid when administrative action is complete</li> <li>c. management's best estimates of unasserted claims for refunds</li> <li>d. amount of assessments defined as written off (i.e., no further collection material) that continues to be statutorily collectable</li> <li>e. amounts by which related trust funds may be overfunded or underfunded in comparison with the requirements of the law, if reasonably estimable (SFFAS 7, par. 67.1 - 67.4, 106, &amp; 177; OMB Bull. 97-01, p. 78)</li> </ul>				
<p>48. If the entity receiving funds from the collecting entity is itself a trust fund, does it provide as supplementary information amounts by which related trust funds may be overfunded or underfunded in comparison with the requirements of the law, if reasonably estimable? (SFFAS 7, par. 67.4, 68, &amp; 177; OMB Bull. 97-01, p. 78)</p>				

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<b>Required Supplementary Information: Segment Information (49 - 50)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>49. Do all franchise and other intragovernmental support revolving funds report the following supplementary information?</p> <p>a. a brief description of the services provided by the fund and the identity of the fund's major customers (i.e., organizations that account for more than 15 percent of the fund's revenues)</p> <p>b. a summary for the reporting period, by product or line of business, including the following items</p> <p>i. the full cost of goods and services provided</p> <p>ii. the related exchange revenues</p> <p>iii. the excess of costs over exchange revenues (OMB Bull. 97-01, pp. 78 &amp; 79)</p>				

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<b>Required Supplementary Information: Segment Information (49 - 50)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>50. If a franchise fund or other intragovernmental support revolving fund is not separately reported on the entity's principal statements, does the entity report as RSSI a summary of the fund's assets, liabilities, and net position that includes the following items as of the reporting date?</p> <ul style="list-style-type: none"> <li>a. fund balance</li> <li>b. accounts receivable</li> <li>c. property, plant, and equipment</li> <li>d. other assets</li> <li>e. liabilities due and payable for goods and services received</li> <li>f. deferred revenues</li> <li>g. other liabilities and cumulative results of operations (OMB Bull. 97-01, p. 78)</li> </ul>				

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<b>Required Supplementary Information: Deferred Maintenance (51 – 54)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Maintenance is the act of keeping fixed assets in acceptable condition. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life.</p> <p>Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, originally intended. (SFFAS 6, par. 78)</p> <p>Deferred maintenance is maintenance that was not performed when it should have been, or was scheduled to be, and that, therefore, is put off or delayed. (SFFAS 6, par. 77)</p>				
<p>51. Does the entity report under required supplementary information the following information for each major category of its PP&amp;E (i.e., general, national defense, heritage, and stewardship)?</p> <p>a. the identity (e.g., building, equipment, land) of each major class of asset for which maintenance was deferred</p> <p>b. the method of measuring deferred maintenance (SFFAS 6, par. 21, 83, &amp; 171 –178; SFFAS 11, par. 7; SFFAS 14, par. 1; OMB Bull. 97-01, p. 71 &amp; OMB Memo M-00-05 of Jan. 7, 2000)</p>				
<p>Condition assessment surveys are periodic inspections of PP&amp;E — based on generally accepted and consistently applied method — to determine its current condition and the estimated cost to correct any deficiencies. (SFFAS 6, par. 81)</p>				

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<b>Required Supplementary Information: Deferred Maintenance (51 – 54)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>52. If the condition assessment survey method is used to measure deferred maintenance, is the following information presented for each major class of PP&amp;E?</p> <ul style="list-style-type: none"> <li>a. a description of requirements or standards for acceptable operating condition</li> <li>b. any changes in the condition requirements or standards</li> <li>c. asset condition and a range estimate of the dollar amount of maintenance needed to return it to its acceptable operating condition (SFFAS 6, par. 80, 83, &amp; 233)</li> </ul>				

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<b>Required Supplementary Information: Deferred Maintenance (51 – 54)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
Life-cycle costing is an acquisition or procurement technique that considers operating, maintenance, and other costs in addition to the acquisition cost of assets. (SFFAS 6, par. 82)				
<p>53. If the total life-cycle cost method is used to measure deferred maintenance, is the following information presented for each major class of PP&amp;E?</p> <ul style="list-style-type: none"> <li>a. the original date of the maintenance forecast and an explanation for any changes to the forecast</li> <li>b. prior year balance of the cumulative deferred maintenance amount</li> <li>c. the dollar amount of maintenance that was defined by the professionals who designed, built, or managed the PP&amp;E as required maintenance for the reporting period</li> <li>d. the dollar amount of maintenance actually performed during the period</li> <li>e. the difference between the forecast and actual maintenance</li> <li>f. any adjustments to the scheduled amounts deemed necessary by the managers of the PP&amp;E</li> <li>g. the ending cumulative balance for the reporting period for each major class of asset experiencing deferred maintenance (SFFAS 6, par. 83)</li> </ul>				

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<b>Required Supplementary Information: Deferred Maintenance (51 – 54)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
54. If management elects to break out deferred maintenance by critical and noncritical amounts needed to bring each class of asset to its acceptable operating condition, does it also include its definition of these categories? (SFFAS 6, par. 84)				

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<b>Required Supplementary Information Intragovernmental Amounts (55 – 67)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Intragovernmental amounts represent transactions between federal entities included in the Financial Report of the United States Government. These transactions include activity (consolidated/net of intra-entity transactions) with federal CFO Act and non-CFO Act entries as identified in the Treasury Financial Manual. The intragovernmental supplementary information may be limited to the consolidated agencywide financial statements of the 24 executive departments and agencies covered by appendix A of OMB Bulletin No. 98-08. (OMB Memo M-00-05 of Jan. 7, 2000, pp. 3 &amp; 4)</p>				
<p>55. Does the entity report as required supplementary information intragovernmental amounts for the following items?</p> <ul style="list-style-type: none"> <li>a. Assets</li> <li>b. Liabilities</li> <li>c. nonexchange revenue</li> <li>d. for certain reporting entities, earned revenue from trade (buy/sell) transactions along with the gross cost to generate such revenue (OMB Memo M-00-05 of Jan. 7, 2000, p. 3)</li> </ul>				
<p>56. Does the entity report intragovernmental assets, liabilities, and earned revenue from trade transactions, and nonexchange revenue by trading partner (reciprocal federal entity)? (OMB Memo M-00-05 of Jan. 7, 2000, p. 3)</p>				

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<b>Required Supplementary Information Intragovernmental Amounts (55 – 67)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
57. Does the entity report intragovernmental gross cost to generate earned revenue from trade transactions by budget functional classification? (OMB Memo M-00-05 of Jan. 7, 2000, p. 3)				
58. Do intragovernmental asset and liability categories reported as requiring supplementary information agree with the intragovernmental asset and line items reported on the balance sheet? (OMB Memo M-00-05 of Jan. 7, 2000, p. 3)				
59. Are transactions with components (e.g., Forest Service of the USDA) of federal departments and agencies included in the activity reported for the federal department or agency? (OMB Memo M-00-05 of Jan. 7, 2000, p. 4)				

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<b>Required Supplementary Information Intragovernmental Amounts (55 – 67)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>60. Does the entity reconcile the following amounts with its trading partners?</p> <ul style="list-style-type: none"> <li>a. investments in federal securities issued by the Department of the Treasury, Bureau of the Public Debt</li> <li>b. borrowings from Treasury and the Federal Financing Bank</li> <li>c. transactions with the Department of Labor relating to the Federal Employees Compensation Act</li> <li>d. transactions with the Office of Personnel Management relating to employee benefit programs (OMB Memo M-00-05 of Jan. 7, 2000, p. 4)</li> </ul>				
<p>61. Does the entity also reconcile intragovernmental asset, liability, and revenue amounts<sup>9</sup> with its trading partners at least annually as of the fiscal year end? (OMB Memo M-00-05 of Jan. 7, 2000, p. 4)</p>				
<p>62. Do intragovernmental assets and liabilities agree with the intragovernmental asset and liability line items and totals on the reporting entity's consolidated agencywide balance sheet? (OMB Memo M-00-05 of Jan. 7, 2000, pp. 5 &amp; 6)</p>				

<sup>9</sup> Balances reported for other asset or liability categories and individual transactions that collectively comprise less than 20 percent of the total asset and liability categories may be excluded from reconciliation.

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<b>Required Supplementary Information Intragovernmental Amounts (55 – 67)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
63. For each intragovernmental asset and liability line item on the consolidated agencywide balance sheet, does the entity identify in the supplementary information the trading partner balances that make up the line item? <sup>10</sup> (OMB Memo M-00-05 of Jan. 7, 2000, pp. 5 & 6)				
64. If intragovernmental transactions with a trading partner are material in one asset or liability category but immaterial in another category, does the entity report transactions with the trading partner for each category? (OMB Memo M-00-05 of Jan. 7, 2000, pp. 5 & 6)				
65. If the entity has total intragovernmental earned revenues from trade transactions (net of intra-entity) activity of greater than \$500 million, does it report such intragovernmental revenues by trading partner? (OMB Memo M-00-05 of Jan. 7, 2000, p. 7)				
66. If the entity reports intragovernmental earned revenues, does it also report, by budget functional classification, the gross cost of goods, services, and other transactions that generated the intragovernmental earned revenues? (OMB Memo M-00-05 of Jan. 7, 2000, p. 7)				

<sup>10</sup> Reporting entities may aggregate trading partners whose individual totals for a particular asset category collectively comprises less than 20 percent of the total line item category.

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<b>Required Supplementary Information Intragovernmental Amounts (55 – 67)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
67. Does the entity report, by trading partner, intragovernmental nonexchange revenues transferred in and out? (OMB Memo M-00-05 of Jan. 7, 2000, p. 7)				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>Social insurance programs covered by SFFAS 17, Accounting for Social Insurance, have five common characteristics. They are</p> <ul style="list-style-type: none"> <li>a. financing from participants or their employers;</li> <li>b. eligibility from taxes and fees paid and time worked in covered employment;</li> <li>c. benefits not directly related to taxes and fees paid;</li> <li>d. benefits prescribed in law; and</li> <li>e. programs intended for the general public.</li> </ul> <p>The social insurance programs specifically covered by SFFAS 17 are</p> <ul style="list-style-type: none"> <li>a. Old-Age, Survivors, and Disability Insurance (OASDI or Social Security);</li> <li>b. Hospital Insurance (HI or Medicare Part A) and Supplementary Medical Insurance (SMI or Medicare Part B);</li> <li>c. Railroad Retirement Benefits (RRB)</li> <li>d. Black Lung Benefits; and</li> <li>e. Unemployment Insurance (UI).</li> </ul> <p>The standard for consolidated governmentwide accounting and reporting for social insurance programs is the same as that for component entities unless otherwise indicated (SFFAS 17, par. 14, 15, 29, 44, 45, &amp; app. D - glossary)</p>				
<p>68. In general, does the entity responsible for a given social insurance program provide a clear and concise description of the program including its financing, calculation of benefits, and actuarial status? (SFFAS 17, par. 24, 110 – 112, &amp; 131 – 149).</p>				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
69. Does this description include the following information?  a. discussion of the long-term sustainability and financial condition of the program  b. an illustration and explanation of the long-term trends revealed in the data (SFFAS 17, par. 24 & 80 – 85)				
70. Does the consolidated governmentwide financial report explain the relationship of the social insurance program(s) to governmentwide financing, including the intragovernmental nature of trust fund assets and government debt? (SFFAS 17, par. 31)				
71. Does the reporting entity describe statutory or other material changes, and implications thereof, affecting the program after the current fiscal year? (SFFAS 17, par. 24)				
72. Are projections and estimates based on the entity's best estimates of demographic and economic assumptions? (SFFAS 17, par. 25)				
73. Does the entity disclose significant assumptions used in making estimates and projections? (SFFAS 17, par. 25)				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
74. Are all projections and estimates made as of a date (i.e., the valuation date) as close to the end of the fiscal year (i.e., current year) being reported on as possible and no more than one year prior to the end of the current year? (SFFAS 17, par. 26)				
75. Does the entity consistently follow this valuation date from year to year? (SFFAS 17, par. 26)				
76. Does information on the financial and actuarial status of the social insurance programs include actuarial projections that are indicative of long-term sustainability and show the annual cashflows in nominal dollars for current and future participants? (SFFAS 17, par. 27 (1))				
77. Are the actuarial projections of cashflow amounts reported for at least every fifth year in the projection period? (SFFAS 17, par. 17 (1) (a))				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
78. Does the cashflow information show the following amounts?  a. total cash inflow from all sources (i.e., by and on behalf of participants) less net interest on intragovernmental borrowing and lending  b. total cash outflow (SFFAS 17, par. 27 (1) (a))				
79. When cashflow projections are made for the consolidated governmentwide entity, is interest on intragovernmental borrowing and lending excluded? (SFFAS 17, par. 32)				
80. Does the narrative accompanying the cashflow data include identification of any year or years during the projection period when cash outflow exceeds cash inflow, with and without interest, on intragovernmental borrowing or lending? (SFFAS 17, par. 27 (1) (a), 87, 88, 116, & 117)				
81. Does the narrative provide an explanation of the significance of the cashflow “cross-over points” where cash outflows begin exceeding cash inflows? (SFFAS 17, par. 27 (1) (a) & 32 (1) (a))				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
82. Do the cashflow projections (net of interest on intragovernmental borrowing/lending) for Medicare Part A (HI ) and Social Security (OASDI) include an estimate of cashflows as a percentage of taxable payroll? (SFFAS 17, par. 27 (1) (b), 89, 118 – 120, & app. D – glossary )				
83. Do the cashflow projections (net of interest on intragovernmental borrowing/lending) for HI, OASDI, and Medicare Part B (SMI) include an estimate of cashflows as a percentage of Gross Domestic Product? (SFFAS 17, par. 27 (1) (b), 46, 47, 89, & 121 – 122 & app. D - glossary)				
84. Does the entity disclose its estimate of the ratio of the number of contributors to the number of beneficiaries during the same projection period as for cashflow projections (e.g., 75 years)? (SFFAS 17, par. 27 (2), 90, & 130)				
85. At a minimum, is the ratio of contributors to beneficiaries reported for the beginning and end of the projection period? (SFFAS 17, par. 27 (2))				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>86. For all enumerated social insurance programs except Unemployment Insurance (UI), does the responsible entity present a statement of actuarial present values of the following items?</p> <p>a. all future expenditures during the projection period related to benefit payments</p> <p>i. to or on behalf of current participants who have not yet attained retirement age</p> <p>ii. to or on behalf of current participants who have attained retirement age</p> <p>iii. to or on behalf of those who are expected to become plan participants</p> <p>b. all future contributions and tax income from or on behalf of current and future participants described in “a”</p> <p>c. cashflow derived from subtracting “b” from “a”?</p> <p>(SFFAS 17, par. 27 (3) (a) – (g), 40 – 42, 91 – 103, &amp; 115)</p>				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>87. With the exception of UI, does the entity disclose in the notes of the fund balance, as of the valuation date, the accumulated excess of all past cash receipts, including interest on investments over all cash disbursements? (SFFAS 17, par. 27 (2) (a) &amp; (3) (h), 42, &amp; 113)</p>				
<p>88. Does the entity also disclose how it calculated the actuarial net present value of future benefits and contributions from or on behalf of current participants of all social insurance programs but UI? ( SFFAS 17, par. 27 (2) (a) &amp; (3) (i))</p>				
<p>89. If available, does the entity provide estimates of the actuarial present values and fund balances of the social insurance programs (except UI) under its purview for each of the four preceding years? (SFFAS 17, par. 27 (3) (j) &amp; 28)</p>				
<p>90. For all social insurance programs except UI, does the responsible entity illustrate the sensitivity of the projections of cashflows and actuarial present values to changes in the most significant individual assumptions? (SFFAS 17, par. 27 (4) (a), 48, 49, &amp; 123 – 129)</p>				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>91. At a minimum, do the Social Security and Medicare programs analyze assumptions regarding the following factors?</p> <ul style="list-style-type: none"> <li>a. birth and death rates</li> <li>b. net immigration</li> <li>c. real wage differential</li> <li>d. real interest rate</li> </ul> <p>(SFFAS 17, par. 27 (4) (a) &amp; 123 – 129)</p>				
<p>92. Does the sensitivity analysis for UI programs show the effects of increasing the unemployment rate as follows?</p> <ul style="list-style-type: none"> <li>a. by approximately one percentage point</li> <li>b. to a level that puts significant stress on the system (e.g., to simulate the largest recession occurring within the last 25 years)(SFFAS 17, par. 27 (4) (b) &amp; 159 – 160)</li> </ul>				
<p>93. Does information on the UI program provide a state-by-state analysis of the relative solvency of individual state programs, including the ratio of each state's current accumulated fund balance to the highest level of annual benefit payments experienced by that state over the last 20 years? (SFFAS 17, par. 27 (5) &amp; 159 – 160)</p>				

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<b>Required Supplementary Information: Social Insurance Programs (68 – 94)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>94. Does the consolidating entity break out and separately identify, at a minimum, the following information on social insurance programs?</p> <ul style="list-style-type: none"> <li>a. cashflow projections net of intragovernmental borrowing and lending for, at a minimum, the OASDI, HI, and SMI programs</li> <li>b. net cashflows as a percent of taxable payroll for OASDI and HI</li> <li>c. net cashflows as a percent of Gross Domestic Product (GDP) for the Social Security and Medicare programs</li> <li>d. the ratio of contributors to beneficiaries for OASDI and HI</li> <li>e. the actuarial present values for all covered social insurance programs (except UI) for the current and proceeding four years</li> <li>f. sensitivity analyses for all social insurance programs including OASDI, HI, SMI, and UI and</li> <li>g. a state-by-state analysis of the UI program (SFFAS 17, par. 32)</li> </ul>				

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<b>Required Supplementary Information: Management's Discussion and Analysis (95 – 101)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
95. Does the entity include as required supplementary information management discussion and analysis (MD&A) of the financial statements and related information? (SFFAS 15, par. 1, 12, & 13; SFFAC 3, par. 1 & 2)				
96. Does the MD&A provide a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems controls, legal compliance, financial position, and financial condition? (SFFAS 15, par. 2; SFFAC 3, par. 1)				
97. Is the MD&A balanced, providing both positive and negative information? (SFFAS 15, par. 1; SFFAC 3, par. 29)				

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<b>Required Supplementary Information:  Management's Discussion and  Analysis  (95 – 101)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
<p>98. Does the MD&amp;A contain sections that discuss the following information about the entity?</p> <ul style="list-style-type: none"> <li>a. mission and organizational structure</li> <li>b. performance goals, objectives, and results</li> <li>c. financial statements and</li> <li>d. systems, controls, and legal compliance (SFFAS 15, par. 2; SFFAC 3, par. 9, 11, 13, 15 - 17, 25 - 27, &amp; 42 – 49)</li> </ul>				
<p>99. Does the MD&amp;A include forward-looking information regarding the possible future effects of the most important currently known demands, risks, uncertainties, events, conditions, and trends? (SFFAS 15, par. 3 &amp; 21; SFFAC 3, par. 6, 9, 14, &amp; 30 - 36)</p>				
<p>100. Does the MD&amp;A discuss important problems that need to be addressed as well as actions that have been taken or planned? (SFFAS 15, par. 4; SFFAC 3, 40 &amp; 41)</p>				

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<b>Required Supplementary Information: Management's Discussion and Analysis (95 – 101)</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Explanation</b>
101. Does the MD&A limit itself to the most important matters that could, for example, contribute the following results?  a. significant actions or proposals by top management of the reporting unit  b. the managing, budgetary, and oversight functions of Congress and the administration  c. affect the judgment of citizens about the efficiency and effectiveness of their federal government (SFFAS 15, par. 5 & 6; SFFAC 3, par. 28 & 29)				